



February 5, 2026, 7:30 AM

Edina City Hall, Council Chambers, 4801 W. 50th St.

Participate in the meeting:

Watch the meeting on cable TV or [YouTube.com/EdinaTV](https://www.youtube.com/EdinaTV).

Provide feedback during Community Comment by calling 312-535-8110. Enter access code 2870 623 4818. Password is 5454. Press *3 on your telephone keypad when you would like to get in the queue to speak. A staff member will unmute you when it is your turn to speak.

Accessibility Support:

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1. Call to Order

2. Roll Call

3. Pledge of Allegiance

4. Approval of Meeting Agenda

5. Community Comment

During "Community Comment," the Chair will invite residents to share issues or concerns that are not scheduled for a future public hearing. Items that are on tonight's agenda may not be addressed during Community Comment. Individuals must limit their comments to three minutes. The Chair may limit the number of speakers on the same issue in the interest of time and topic. Individuals should not expect the Chair or Commissioners to respond to their comments tonight. The Chair will respond to questions raised during Community Comments at the next meeting.

6. Adoption of Consent Agenda

All agenda items listed on the Consent Agenda will be approved by one motion. There will be no separate discussion of items unless requested to be removed by a Commissioner. If removed the item will be considered immediately following the adoption of the Consent Agenda. (Favorable roll call vote of majority of Commissioners present to approve, unless otherwise noted in consent item.)

6.1. Approve HRA Minutes from Jan. 15,2026

7. Reports/Recommendations

7.1. Using Tax Increment Financing to Achieve Community Goals

8. Executive Director Comments

8.1. SPARC Loan for 3916 W. 50th Street - Project Update

9. HRA Member Comments

10. Adjournment



Item Number: 6.1

Department: Community Development

Item Activity: Action

Prepared By: Stephanie Hawkinson, Affordable Housing
Development Manager

Item Title: Approve HRA Minutes from Jan. 15,2026

Action Requested:

Approve HRA Minutes from Jan. 15, 2026.

Information/Background:

Supporting Documentation:

1. HRA Minutes from Jan. 15, 2026

**MINUTES
OF THE REGULAR MEETING OF THE
EDINA HOUSING AND REDEVELOPMENT AUTHORITY
JANUARY 15, 2026
7:30 A.M.**

I. CALL TO ORDER

Chair Hovland called the meeting to order at 7:30 a.m. then explained the processes created for public comment.

II. ROLL CALL

Answering rollcall were Chair Hovland, Commissioners Agnew, Jackson, Pierce, and Risser.
Absent: None.

III. PLEDGE OF ALLEGIANCE

IV. MEETING AGENDA APPROVED – AS PRESENTED

Motion by Commissioner Jackson, seconded by Commissioner Pierce, approving the meeting agenda as presented.

Ayes: Agnew, Jackson, Pierce, Risser, and Hovland
Motion carried.

V. COMMUNITY COMMENT

No one appeared.

V.A. EXECUTIVE DIRECTOR'S RESPONSE TO COMMUNITY COMMENTS

Executive Director Neal responded there were no past Community Comments.

VI. ADOPTION OF CONSENT AGENDA AS PRESENTED

Motion by Commissioner Jackson, seconded by Commissioner Pierce, approving the consent agenda as presented:

VI.A. DRAFT MINUTES OF REGULAR MEETING OF DECEMBER 11, 2025

VI.B. APPROVE SERVICES CONTRACT WITH AFFORDABLE HOUSING CONNECTIONS FOR ON-LINE COMPLIANCE TRAINING

VI.C. RESOLUTION 2026-01, DESIGNATING OFFICIAL NEWSPAPER

VI.D. RESOLUTION 2026-02, DESIGNATING OFFICIAL DEPOSITORIES

VI.E. RESOLUTION 2026-03, DESIGNATING OFFICIAL MEETINGS OF THE HOUSING AND REDEVELOPMENT AUTHORITY

VI.F. RESOLUTION 2026-04, ACCEPTING MINNESOTA HOUSING FINANCE AGENCY 2025 IMPACT FUND GRANT, DESIGNATE SIGNING AUTHORITY, AND AUTHORIZE EXECUTION OF GRANT AGREEMENT

Ayes: Agnew, Jackson, Pierce, Risser, and Hovland
Motion carried.

VII. REPORTS AND RECOMMENDATIONS

VII.A. HRA YEAR IN REVIEW – PRESENTED

Economic Development Manager Neuendorf stated that each year, a "Year in Review" document is prepared to summarize the status of housing and redevelopment projects and programs in Edina for the previous year.

Mr. Neuendorf presented the Year in Review document, including information regarding HRA objectives, major accomplishments, active projects, current HRA programs, TIF in Edina, SPARC program, public benefits delivered with TIF, tax base growth, and an overview of the Eden Willson TIF District.

The Board asked questions regarding where future tax payments from the Arcadia office building will be distributed, and eligibility for the HEROs down-payment assistance loan program.

Mr. Neuendorf noted that the Arcadia Office site was intentionally excluded from the Grandview TIF district. That project is privately funded and is fully taxable today and upon completion.

Mrs. Hawkinson stated that part of the HERO's application process is proof of employment, income, and where they are employed, as they must work within the City limits.

The Board also asked questions and expressed concerns regarding the cost impacts of the Southdale Area Design Guidelines and other elements in the Comprehensive Plan.

The Board asked for clarification regarding the availability of tax capacity growth to flow back into the City's general fund.

Mr. Neuendorf noted that the new growth achieved in a TIF District is temporarily retained in the TIF District to support financial obligations incurred. The new growth becomes fully available to the City's general fund after the TIF obligations are fulfilled and the TIF District is decertified.

VII.B. PREVIEW OF 2026 HRA ACTIVITIES – PRESENTED

Economic Development Manager Neuendorf presented an overview of the activities anticipated to be discussed or addressed in 2026. These likely activities include policy discussions and possible housing, redevelopment, and real estate projects.

VII.C. COMPARING THE ROLES OF ECONOMIC DEVELOPMENT AUTHORITY (EDA) AND HOUSING AND REDEVELOPMENT AUTHORITY (HRA) – PRESENTED

Economic Development Manager Neuendorf introduced this topic and noted this information is provided to begin a discussion regarding the possible creation of an EDA to supplement the work of the HRA.

Nick Anhut, Ehlers & Associates, presented information regarding Development Authority Models, the Edina HRA, general HRA powers, what an EDA is, common EDA activities beyond the HRA scope, EDA funding, and City Development Authority examples.

The Board asked questions regarding what type of model Eden Prairie uses, inquired about the EDA model, and how having an EDA would affect the protection/enhancement of existing businesses.

Mr. Neuendorf noted that sometimes strong business communities need a push from a City and those are the things that this EDA model could be a tool to help have a stronger local economy.

Mr. Neuendorf stated that there needs to be a balance between transformational improvements and the enhancement of existing businesses.

The Board expressed concerns regarding the timing of making this change when they are already working on zoning and the Comprehensive Plan.

Mr. Neuendorf clarified that the discussions about zoning regulations should occur at a City Council meeting. He noted that it is important to begin the discussion of EDA vs. HRA because it usually takes 2-3 years to implement a change like this.

The Board gave feedback regarding the desire to better understand the scope of EDA and HRA, whether both would be needed, and how people, besides City Council members, could be included in the EDA. The Board asked that additional information be brought forward in the future.

City Manager Neal noted that he would not recommend having a structure where the members of the City Council, HRA, and EDA are all different.

VIII. EXECUTIVE DIRECTOR COMMENTS – Received

VIII.A. HRA BY-LAW REVIEW

IX. HRA MEMBER COMMENTS - Received

X. ADJOURNMENT

Motion made by Commissioner Jackson, seconded by Commissioner Pierce, to adjourn the meeting at 9:13 a.m.

Ayes: Agnew, Jackson, Pierce, Risser, and Hovland

Minutes/HRA/January 15, 2026

Motion carried.

Respectfully submitted,

Scott Neal, Executive Director

DRAFT



Item Number: 7.1

Department: Community Development

Item Activity: Discussion

Prepared By: Bill Neuendorf, Economic Dev Mgr

Item Title: Using Tax Increment Financing to Achieve Community Goals

Action Requested:

No action required; discussion only.

Information/Background:

This discussion pertains to Edina's practice and policy regarding the use of Tax Increment Financing (TIF) to finance public and private improvements.

This is a continuation of the policy discussion that was previously discussed on September 25, 2025. Additional time was requested to consider the content of the staff presentation. At today's meeting, staff will provide a very brief recap and leave most to the time for discussion by members of the HRA Board.

Edina has used Tax Increment Financing (TIF) since 1974 to strategically achieve community goals. TIF was an essential financing strategy to construct several phases of professional offices, medical offices, retail space, and multi-family apartments, condominiums and townhouses at Edinborough Park and Centennial Lakes. TIF was also essential to provide public parking in the 50th & France and Grandview Districts. More recently, TIF was essential to stimulate private investment at Southdale Center mall and the surrounding commercial areas.

Edina's TIF policy was completely rewritten in 2022 to be more transparent and effective. The purpose of this discussion is to consider changes in the application and use of TIF to better achieve community goals

Resources/Financial Impacts:

None

Relationship to City Policies/Plans/Budget Pillars:

Strategic use of tax increment financing can be an effective way to strengthen the foundation so that reliable services can be delivered. The outcomes of TIF-supported or TIF-funding projects creates a livable city per Edina's Comprehensive Plan and other guiding documents.



Strong Foundation



Reliable Service



Livable City



Better Together

Values Impact:

Stewardship

Strategic use of tax increment financing can achieve community goals.

Supporting Documentation:

Documents marked with "Board Portal" do not meet [ADA Web Content Accessibility Guidelines \(URL\)](#) and are not included in the public packet. To request a board portal document, please [submit a data request \(URL\)](#).

1. TIF Policy Discussion Staff Presentation from 9-25-2025
2. Edina TIF Policy - Approved 12-20-2022

Policy Discussion

**Using Tax Increment Financing to
Achieve Community Goals**

Staff Presentation to:
Edina HRA Board
September 25, 2025



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Purpose

Members of the HRA Board have raised questions about how Edina uses Tax Increment Financing to support community redevelopment.

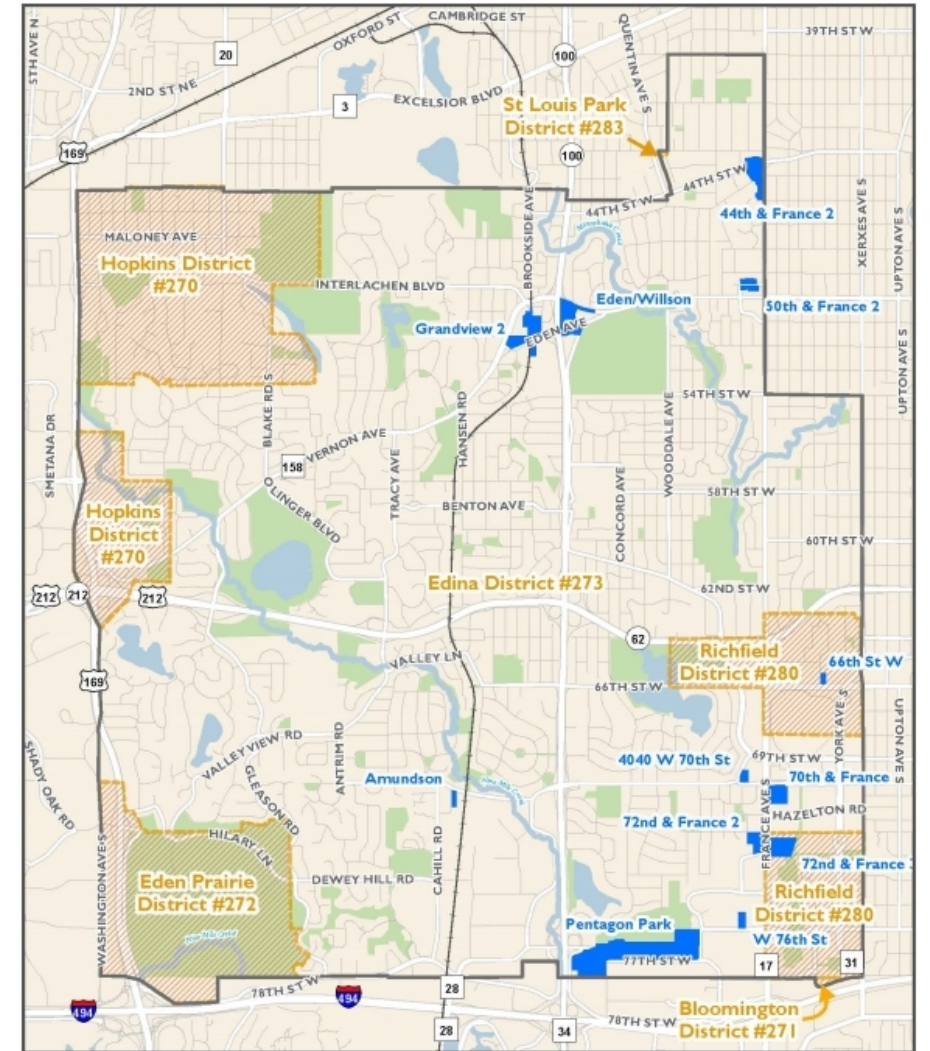
- Background
- 2022 TIF Policy
- Discussion Topics

If the HRA Board would like to see changes in TIF Policy, staff will conduct additional research and prepare proposed changes for future consideration.



TIF in Edina - Background

- Limited and regulated by Minnesota Statute
- Used to achieve Edina community goals since the early 1970s
- Edina's TIF Policy completely rewritten in 2022
- Edina tends to apply higher community standards than mandated in Statute
- 12 active TIF Financing Districts
- Each Financing District uniquely established to address the needs and opportunities



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■ TIF District
■ School District Boundary

TIF in Edina – Guided by 2022 Policy

In 2022, Edina’s TIF policy was completely rewritten to be more transparent, effective and results-oriented.

- Only use when necessary to achieve desired outcomes
- Limit the size and duration
- Retain flexibility to address unique challenges and opportunities
- Prefer to keep financial risk with real estate developer
- TIF contribution limited to value of public benefits delivered
- Maintain roles of HRA Board (financial) and City Council (regulator) separate and distinct

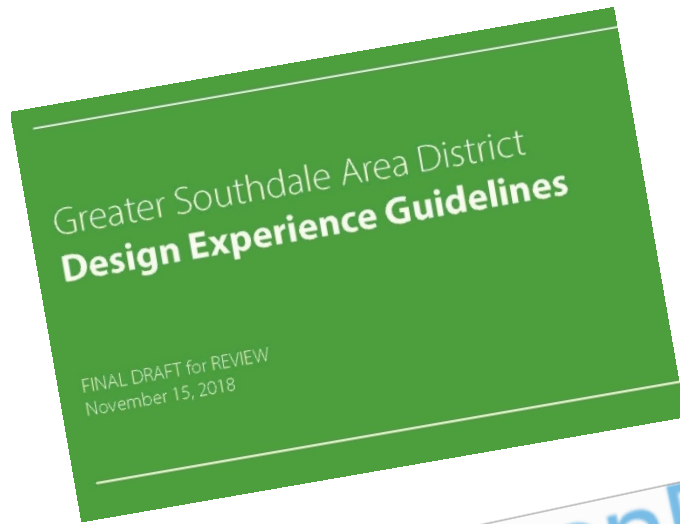


Discussion Topics

- 1) Is City policy driving the need to use TIF more frequently?
- 2) Is there a preferred order and timing to consider TIF?
- 3) How should Edina's Budget Pillars and Values be applied?
- 4) Should TIF be used only for specific types of costs?
- 5) Should the strategy of using TIF be modified to be programmatic rather than project/outcome-based?



1) Is City policy driving the need to use TIF more frequently?



Achieving Sustainability in the Built Environment
Cities throughout Minnesota seek to improve public health, environmental justice, and environmental and economic sustainability. Many cities are taking advantage of building-related strategies to reduce carbon emissions and waste, protect natural resources, and mitigate stormwater runoff. With a sustainable building policy, cities can use public financing and their authority over land use to make meaningful progress toward achieving their sustainability goals.

To support our sustainability goals and building investment, the City of Edina is proposing a sustainable building policy.

Common hurdles that hinder new investment and tax base growth

- 1) *High cost of land and land assembly*
- 2) *High material and labor costs*
- 3) *High financing costs*
- 4) *Phased delivery of large sites*
- 5) *Demolition of old buildings*
- 6) *Environmental remediation of soil and water*
- 7) *Lack of modern utilities*
- 8) *Lack of public sidewalks, roadways, plazas, etc*
- 9) *High costs of structured parking*
- 10) *High entitlement and regulatory costs*
- 11) *Foregone revenue from affordable units*



2a) Is there a preferred order and timing to consider TIF?

- Current Policy calls for Zoning consideration and Financing requests to be separated in sequential order.
 - This effectively separates the City's regulatory role from the HRA's financing role.
- Financing terms are discussed only after preliminary zoning is approved
 - If preliminary zoning is denied, there is no further discussion of financing

Suggested Change to Consider – Sequential Consideration

- 1) Financing discussion occurs with HRA prior to formal zoning consideration by City Council
 - *Advise developer whether TIF financing will be considered*
 - *Slightly reduces financial risk for the developer*
 - *Increases staff review time*
 - *May be helpful to limit land price*
 - *Allows Council to make Zoning decisions with general idea of financial needs*
 - *Prompt review will be required to satisfy State Law to make zoning decisions within 120 days*
- 2) Eligible TIF expenses and high priority public benefits could be identified before a formal Zoning application is considered
- 3) Precise financial gap will not be known at this early



2b) Is there a preferred order and timing to consider TIF?

- Current Policy calls for Zoning consideration and Financing requests to be separated in sequential order.
 - This effectively separates the City's regulatory role from the HRA's financing role.
- Financing terms are discussed only after preliminary zoning is approved
 - If preliminary zoning is denied, there is no further discussion of

financing

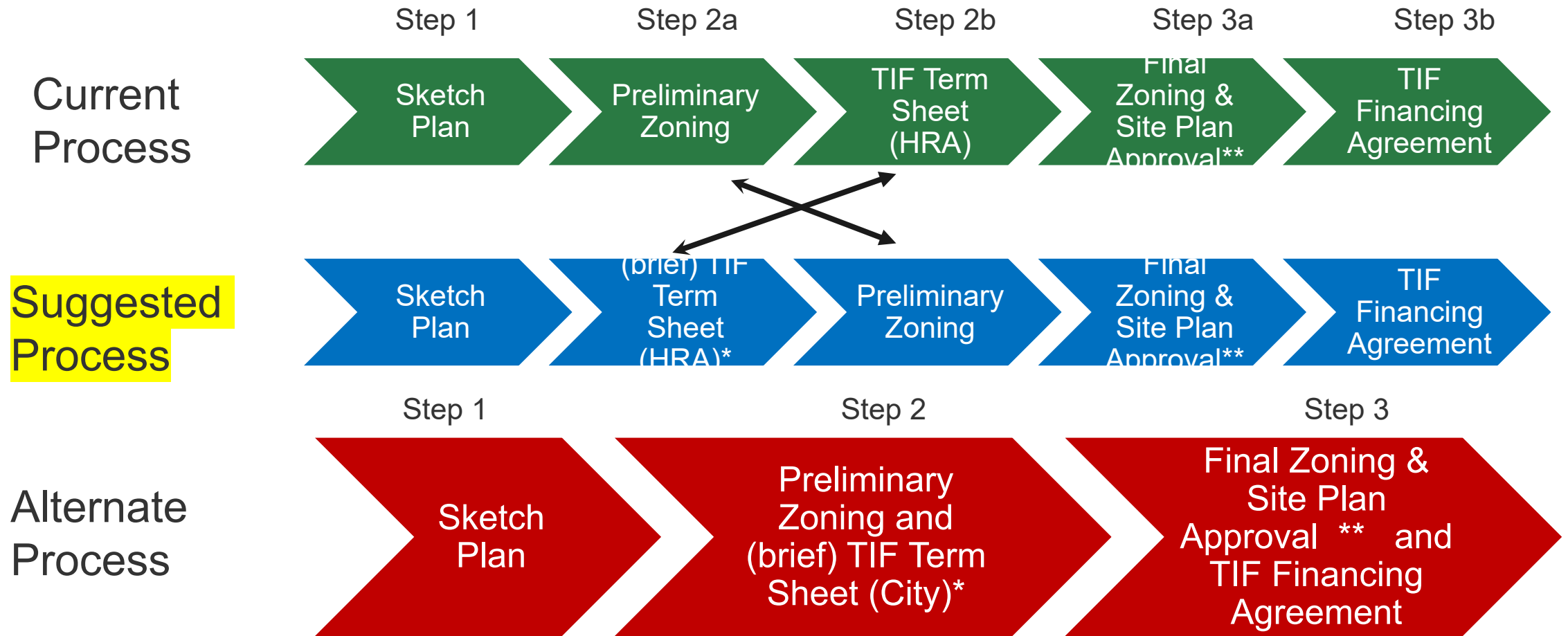


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Alternate to Consider – Simultaneous Consideration

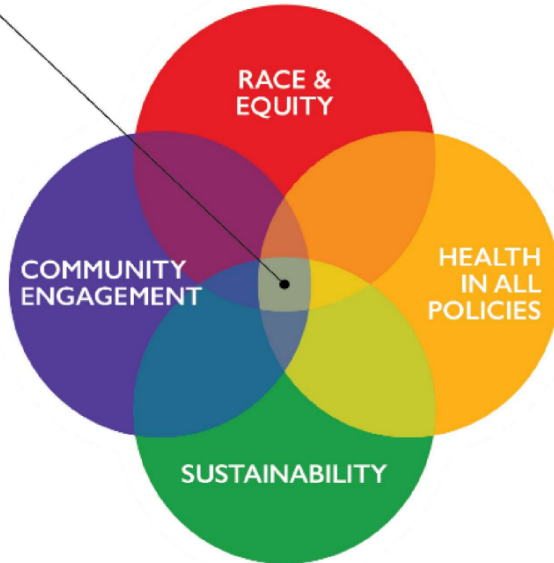
- 1) Have Zoning and Financing discussions occur at the same meeting (concurrently rather than sequentially)
 - *Allows Council to make Zoning decisions fully aware of financial needs – but financing is not a valid reason to deny Zoning requests*
 - *Creates more financial risk for the developer*
 - *Expedites critical decisions*
- 2) High level term sheet could be considered by City Council, the same night action is taken on Zoning matters
- 3) The precise financial gap may not be known at time of final approval. Specific financial details – including the amount of TIF financing - will be refined, after zoning and site approvals are issued. This is a significant change from current strategy.

2c) Is there a preferred order and timing to consider TIF?



3a) How should Edina's Budget Pillars and Budget Values be applied?

COMMUNITY WELL-BEING



Budget Pillars

Strong Foundation:
Maintain physical assets and infrastructure

Reliable Service:
Maintain service levels that best meet community needs

Livable City: Plan for connected and sustainable development

Better Together:
Foster an inclusive and engaged community

- Increase the property tax base
- Enable new affordable housing
- Enable new employment
- Enable amenities and attractors

- Provide support only when needed and with minimal impact to tax levy

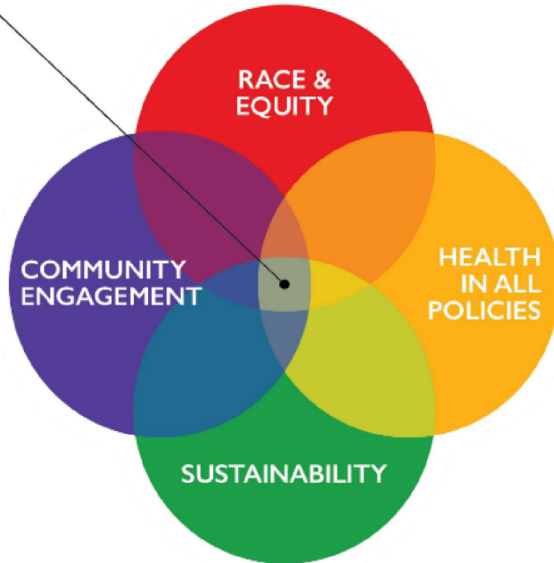
- Support new roadways, sidewalks and public realm spaces
- Support updated utilities
- Remediate environmental contaminants
- Support sustainable, climate resilient design
- Support projects that retain Edina's reputation as an upscale destination
- Support affordable housing

- Consider different perspectives
- Apply open and transparent process
- Consider short- and long-term community outcomes



3b) How should Edina's Budget Pillars and Budget Values be applied?

COMMUNITY WELL-BEING



Budget Values

Stewardship: We make wise investments that focus on the best long-term value for residents.

Is TIF investment in a particular type of project preferred?

Equity: provide equitable opportunities for people to participate in their City government and access City institutions, facilities, and services.

How can TIF investments be used to provide equitable outcomes for people?

Health: use a Health-in-All Policies approach (HiAP) to promote and protect the physical, mental, and social wellbeing of all people who live, work, or visit Edina.

How can TIF investments promote the overall well-being of community members?

Sustainability: ... policies, decisions, and plans have a positive impact on people and the planet now and for future generations.

How can TIF investments achieve long-term outcomes for future generations?



4) Should TIF be used only for specific types of costs?

Minnesota TIF Statutes limits eligible costs to the following categories:

- a) Land acquisition
- b) Demolition and environmental remediation
- c) Utility and site work
 - Sidewalks, trails, plazas, landscaping, etc
- d) Public Improvements including: roadway and transportation systems
 - Bridges, tunnels, retaining walls, etc
- e) Parking
- f) Design and administrative costs
- g) Some construction costs, primarily affordable housing

h) Financing costs

Additionally, Edina's TIF Policy:

- i) limits the TIF contribution to the value of public benefits delivered and
- j) does not allow TIF for parking that is exclusively used for private purposes

Possible Changes to Consider:

- Are there any expenses that should be prohibited from TIF reimbursement in Edina?

Staff recommends flexibility to select costs that make the project viable and deliver public benefit.



5) Should Edina's TIF strategy be modified to be programmatic instead of project/outcome-based?

- Current TIF policy is performance-based to readily address the unique challenges and opportunities of each site when they arise
- This approach was worked successfully through many decades and several economic cycles

Possible Changes to Consider:

Establish programs with pre-established limits:

- 1) TIF for affordable housing
- 2) TIF for infrastructure
- 3) TIF to incentivize redevelopment of specific sites
- 4) TIF for other unique needs

Programs can be easier to apply but can have negative consequences:

- *Nearly impossible to pre-define the needs of future projects*
- *Likely to increase the number of projects that seek TIF*
- *Likely to increase the amount of TIF pledged*
- *Strict program rules may be insufficient to fill the financing gap of more complex projects*
 - *Will require customization to address unique needs of each project*



Discussion

If the HRA Board would like to see changes in TIF Policy, staff will conduct additional research and prepare proposed changes for future consideration.





- City Council
- City-Wide
- Department

Approved: 2011
Revised: 12/20/2022

Tax Increment Financing Policy

BACKGROUND

The City of Edina has statutory authority to use Tax Increment Financing (TIF) pursuant to Minnesota State Statutes Section 469.174-469.1799 (the TIF Act). TIF uses the increased property taxes generated by new real estate development within defined geographic districts to pay for certain costs associated with new development (including but not limited to affordable housing) as well as related public infrastructure and public realm spaces.

The City’s mission is “...to provide effective and valued public services, maintain a sound public infrastructure, offer premier public facilities and guide the development and redevelopment of lands, all in a manner that sustains and improves the health and uncommonly high quality of life enjoyed by our residents and businesses.” (Source: 2015 Vision Edina).

The land within the City boundaries has been substantially built-out for more than a decade and many of the older properties are in the “redevelopment” phase. In order to construct a new structure, an older structure that is unsound, outdated, or obsolete must typically be removed.

In most cases, development projects in Edina are privately funded using traditional debt and equity sources. From time-to-time, however, the City has found it necessary to provide financial support for development projects that deliver outstanding benefits to the community and that could not be accomplished without public financial involvement.

As early as the 1970s, the City used TIF to help deliver desired commercial and multifamily development served by public infrastructure elements including roads, sidewalks, utilities, public parking, and public realm spaces like parks and plazas. TIF was essential to construct the commercial, residential and public elements at Edinborough Park and Centennial Lakes Park (including affordable housing). TIF was also essential to fund public parking at 50th and France and to transform the Grandview District from an industrial area to a mixture of residential, commercial and civic uses with public parking. Historically, Edina has taken a more restrictive view on the use of TIF than allowed by Minnesota Statute.

PURPOSE OF POLICY

While most redevelopment projects in Edina are privately financed, on certain occasions, the City may

find it necessary to provide financial support in order to overcome unusual hurdles and to achieve extraordinary benefits to the general public. The purpose of this policy is to:

- Limit the use of TIF to only projects that deliver permanent benefits to the general public that are better than the minimum established in City Code
- Clarify that the use of TIF in Edina will be more limited than allowed by Minnesota Statute
- Establish criteria and guidelines for where new TIF Districts are established and how incremental taxes are utilized in Edina.
- Ensure that TIF is used in a transparent, consistent and equitable manner to provide value to the community.
- Ensure that TIF is used to deliver both short-term and long-term improvements that are a benefit to the general public in Edina.

This policy provides guidance to developers, property owners, staff, and the community at large regarding Edina's use of Tax Increment Financing as a public finance tool to attract and support high quality development that contributes to a strong property tax base and to the high quality of life in Edina. For the purpose of this policy, the "City" shall also mean the Edina Housing and Redevelopment Authority (HRA), which assists in a variety of housing, redevelopment, and economic development activities for the City of Edina.

PUBLIC BENEFITS PURSUED WITH TIF

In addition to the Minnesota TIF Statutes, Edina applies an additional expectation that the use of TIF will deliver permanent benefits to the general public other than tax base growth. Edina's Comprehensive Plan establishes guidance for the anticipated changes in land use and related systems for the next decade. Most land use changes are anticipated to occur in commercial and industrial areas. Many of the preferred outcomes identified in the Comprehensive Plan include changes to transform single use sites to mixed uses that provide a strong tax base, improved connectivity and access for drivers, bicyclists and pedestrians. When necessary, TIF can be used to achieve many benefits to the community, including:

- Transformational change of properties in a manner compatible with Comprehensive Plan, Small Area Plans, Development Framework, Sustainability Policy, New Multifamily Affordable Housing Policy and other Guidelines adopted by the City
- Improvements to the multi-modal transportation network, including roads and infrastructure for motor vehicles, pedestrians, bicyclists and transit
- Public realm improvements, including green space and placemaking elements including landscaping, streetscaping and public art

- Public parking facilities that provide shared parking resources for more than one property
- Improvements to public utility networks; including potable water, fire protection, storm sewer and sanitary sewer
- Stormwater retention and detention systems that benefit more than one property
- Removal of substandard buildings (as defined in MN Statute) that may have a blighting effect on the community
- Preservation of buildings that are historically or culturally significant to the community
- Remediation of environmental contamination
- Creation and retention of long-term affordable housing at a variety of below-market price points
- Creation and retention of permanent employment opportunities

PROCEDURAL CONSIDERATION OF TIF

- 1) Authority rests with City Council. Consideration to establish a new TIF District shall be at the sole discretion of the City Council. Administration and determine of specific uses of incremental property taxes generated therein shall be at the discretion of the City Council or HRA. Since each development project is unique, the use of TIF shall be considered on a case-by-case basis.
- 2) Preparation of TIF documents. The Edina Housing and Redevelopment Authority shall provide initial direction regarding the potential use of TIF, shall review the Term Sheet that identifies the proposed use of TIF on each project and shall review and approve the contractual documents such as TIF Agreements.
- 3) Eligible Applicants. Only current property owners or developers that have site control are eligible to apply for TIF. Evidence of site control shall be provided in the TIF Application.
- 4) Negotiation of TIF terms. After the TIF Application is submitted, the developer shall negotiate financing terms only with the City Manager, HRA Executive Director or designee. The prepared terms and proposed contract shall then be presented to the HRA Board and the City Council as a whole.
- 5) Application Form. Developers that request TIF shall submit a completed application in a form approved by the City Manager or HRA Executive Director. The application shall identify the anticipated financing sources, including equity, type of debt, external grants/contributions, and the amount and type of TIF support requested to resolve the financing gap. A complete development sources and uses pro forma shall be submitted, as well as an operating pro forma based on a stabilized project. The application shall include calculations that identify the financing gap. This information is required to determine the “but for” test required under the TIF Act. The application shall also identify extra-ordinary costs to develop the project

in Edina and shall also identify the exceptional public benefits that could be delivered if the project is completed. The Application shall also address other criteria identified in this document.

- 6) Application Fee. The application fee shall be \$10,000. Fifty percent (50%) of the fee shall accompany the initial application. The remaining fifty percent (50%) shall be due after the confirmation of a Term Sheet and prior to the preparation of full contractual documents. Application fees are non-refundable.
- 7) Use of Third-party Expert Advisors. Expert advisors shall be engaged by the HRA as necessary to ensure compliance with the TIF Act and to provide expertise to supplement the abilities and capacity of staff. Typical advisors have expertise in TIF law, public sector development finance, general development finance, property inspection as it pertains to TIF, and real estate valuation, among other redevelopment topics. All advisors shall be contracted to the HRA and shall uphold the interests of the HRA and the City while providing service.
- 8) Developer Responsible for Fees. The developer shall be solely responsible for the payment of third expenses pertaining to the developer's request for TIF support from the time of the request to the delivery of the Certificate of Completion. Prior to preparation of the Term Sheet, the applicant shall submit to the City a deposit equal to the total estimated costs for legal and consultant fees. These funds will be held in a non-interest-bearing escrow and the City will draw upon these funds to pay all related expenses. Additional funds may be necessary if the scope of the work changes beyond the initial expectation. Any unused balance shall be returned to the developer upon completion of the process. The developer shall also be solely responsible for any costs related to requested amendments to the TIF District or TIF Agreements.
- 9) Initial Staff Response and Notification of HRA Board. City staff shall review and evaluate the Application for compliance with the City's policies. Soon after receipt of a TIF Application, staff should advise the Edina HRA about the TIF request including the potential public benefits delivered if TIF would be provided. Staff will then seek approval to engage third party advisors to fully vet the merits of the TIF request.
- 10) Preparation of Term Sheet. Staff shall prepare a Term Sheet that summarizes the key terms by which TIF could be used for the project. The Term Sheet shall be submitted to the Edina HRA for review and consideration. The Term Sheet should generally be considered simultaneously or soon after preliminary zoning approval is obtained. The HRA should provide verbal indication whether they are agreeable to preparation of binding contracts (commonly known as TIF Agreements) based on the Term Sheet.
- 11) Creation of TIF District. After consideration of the Term Sheet, staff shall begin the process of establishing a TIF District to achieve the goals outlined in the Term Sheet.
- 12) TIF Agreement. Staff shall work with legal and financial advisors to prepare complete and binding legal agreements based on the Term Sheet. The TIF Agreement should be considered by the HRA Board

and/or the City Council after final zoning approval is obtained.

- 13) Building and Zoning Approvals. The provision of TIF is contingent upon receiving all other necessary project approvals from the City.

FINANCIAL REPORTING AND TRANSPARENCY

- 1) Mandatory Reporting. The City shall submit all required reports on the use of Tax Increment Financing to Hennepin County and the Minnesota Office of the State Auditor using the format provided by those agencies.
- 2) Year in Review Report. Each year, staff shall publish a report that summarizes the use of TIF written in plain English style. This report shall include the following information for each active TIF District: start and end dates, debt and contractual obligations, tax collection status, tax base status, and other pertinent information. This report shall also quantify outcomes when TIF is used to achieve public benefits. This report should be delivered to the Edina HRA in January and shall be made available to the applicable School District(s) and to the general public upon request.
- 3) Website. The City shall post general information on the use of TIF in Edina on the City website.

ESTABLISHMENT OF TIF DISTRICTS

- 1) Preparation of TIF Plan. The HRA's Financial Advisor shall prepare the TIF Plan to satisfy the requirements of Minnesota TIF Statutes. The TIF Plan should be written in plain English style. The TIF Plan should describe the intended redevelopment and/or housing outcomes and should identify how the use of TIF will help achieve community goals as defined in the Comprehensive Plan and related plans.
- 2) Type of District. The type of District established shall be determined by the City Council in accordance with the limitations contained in Minnesota Statute.
- 3) Boundaries and Term. The boundaries of each new district should be as small as necessary to achieve the development goals of the subject properties and adjacent public areas. When establishing a new TIF District, the shortest statutory term to achieve the desired outcomes should be considered. A longer term should be considered when pooling is desired.
- 4) Impact on Municipal Services. The impact of the proposed project on the City's delivery of services, capital expenditures and operating expenditures shall be taken into consideration prior to the adoption of a TIF Plan.
- 5) Fiscal Disparities. Projects utilizing TIF are responsible for paying their share of the Fiscal Disparities contribution from the property taxes generated from the project and within the boundaries of the District.
- 6) Community engagement. The City shall follow standard protocol and processes for collecting community

input on every proposed TIF district. At a minimum, this typically includes advance notice, online engagement and in person public meetings.

- 7) Input from School District and County. A draft of the TIF plan shall be provided to Hennepin County and to the school district where the district is located for review and comment prior to the public hearing.
- 8) Establishment of District. Unless unique circumstances apply, establishment of a TIF District should coincide with the execution of one or more TIF Agreements capable of satisfying the outcomes identified in the TIF Plan.
- 9) Early De-certification. Within one year after the 5-year statutory deadline, the City should consider early decertification of the District if no debts or contractual obligations for the incremental taxes remain. Within one year after all debts and obligations have been satisfied, the City should consider whether to de-certify the District early. Consideration should be given to the potential benefits from pooling available funds before the District is de-certified.

EXPECTATIONS FOR TIF SUPPORTED REDEVELOPMENT PROJECTS

- 1) Site Plan. The site plan for any project supported with TIF shall be designed to substantially follow the regulations and guidelines as adopted in Edina's Comprehensive Plan, Small Area Plans, Development Framework and Southdale Design Experience Guidelines (where applicable). The expected quality and nature of site plan improvements is highest when TIF is contributed. Projects supported with TIF shall fully satisfy each of the following aspects as described in adopted plans and guidelines and as approved through the City's typical zoning review / site plan review process:
 - a. Subdivision of superblocks to establish a transportation grid with walkable, human-scale blocks appropriate for the size, length and width of the property
 - b. Creation of new streets, sidewalks and trails to allow through traffic by the general public (recognizing that redevelopment of neighboring parcels may be necessary to complete the through route)
 - c. Creation of new public realm spaces including streetscaping, lighting and public art
 - d. Minimum building setbacks (such as 30 ft and 50 ft in the Greater Southdale District) should be considered "build to" lines
 - e. Applicable street room typologies implemented
 - f. Massing, recessed upper floors, building articulation, and fenestration provided
 - g. Perimeter spaces that front a public street or similar route with public easement shall be occupiable and activated. Storage, parking, and utility spaces shall be kept to the bare minimum along public routes

The provisions of this policy are not intended to require an additional site plan review process. The City Council shall make the final determination of whether the site plans adequately abide by the Comprehensive Plan and other adopted codes, plans and guidelines to warrant the use of TIF.

- 2) Exterior Finish Materials. The types of finish materials on portions of the building directly visible from a street or other public realm space shall comply with Edina's City Code. For TIF supported projects, a high degree of stone, brick and other natural materials is preferred.
- 3) Public Realm Experience. A vibrant and welcoming public realm experience is essential for every project supported with TIF. Examples of contributing elements include (but are not limited to): sidewalks wider than required by City Code, public plaza, public seating areas, integrated transit shelters, landscaping, hardscaping, commercial storefronts and residential walk-up units that directly engage the public realm areas. Under the TIF Act, reimbursement through TIF for public realm amenities will need to be reviewed on a case-by-case basis, but will be required even if not subject to TIF reimbursement.
- 4) Public Art. Projects supported with TIF shall incorporate permanent public art as an integral part of the public realm experience. Each public art installation shall be secured with an easement that provides for the maintenance and permanence of the art element by the owner. The public art elements shall be consistent with those contained in the approved site plans. Additional art elements may be required when TIF is contributed. Examples of additional art elements include but are not limited to: sculptures, murals, sidewalk poetry, water features, light and sound displays, and rotating art installations. City Council shall make the final determination of whether the quantity and type of public art elements warrant the use of TIF. Under the TIF Act, reimbursement through TIF for public art will need to be reviewed on a case-by-case basis, but public art will be required even if not subject to TIF reimbursement.

Members from the Edina community shall be engaged as part of the artist-selection process and/or the art-selection process. The developer shall make the final art selection keeping in mind the recommendation and input from the community members.

- 5) Public dedication or public easements. All public benefits in TIF supported projects shall either be owned by the City or HRA, dedicated to the City or be secured with permanent easements (to the City) or restrictive covenants to ensure that the public has long-term access to and long-lasting benefits from the improvements.
- 6) Affordable Housing Units. Multi-family development projects supported with TIF should incorporate any required affordable units into the site, as opposed to providing the prescribed contribution to Edina's Affordable Housing Trust Fund.
- 7) Public Parking. Only those parking stalls that are available to the general public throughout all times of the day and year shall be considered to be supported with TIF. Parking stalls that are dedicated for the exclusive use by residents or tenants will not be eligible for TIF support. The public parking stalls shall be easily identified as public parking with exterior signage near the entrance and wayfinding signage on the site.
- 8) Environmental Sustainability. Edina's Sustainable Buildings Policy shall apply to all projects supported with TIF. For TIF-supported projects, the applicable Sustainable Building Rating System shall be LEED Silver or better. Additionally, electrification of heating systems and/or on-site renewable energy generation are preferred in TIF-

supported projects; projects should achieve at least 2 total LEED points between Grid Harmonization and Renewable Energy credits. Certification of the completed building(s) shall be required and compliance shall be renewed (by the owner) throughout at least the term of the TIF District at the frequency identified by the certifying agency.

- 9) Collaborative Partnerships. The developer should engage local neighborhood groups and other community and regional organizations to provide the highest reasonable level of collaboration to ensure a successful project. Community partners could include business and trade associations, private and non-profit groups and associations, governmental agencies and similar stakeholders and benefactors. Evidence of effective engagement should be provided in the TIF Application. This collaborative approach is also helpful to secure grants from other agencies.
- 10) Mitigation of Construction Disruption. As part of the Go-Ahead letter by which the developer commits to proceed with the project and prior to the site preparation and construction, a Construction Mitigation Plan (CMP) shall be submitted to the City that identifies the developer's and general contractor's strategies to address the inconveniences that occur to the neighbors and general public during the construction period. Topics to be addressed in CMP include: milestones and methods to provide advance notice to neighbors; off-street parking for contractors and suppliers; delivery routes for construction vehicles; queuing locations for large vehicles serving the construction site; temporary street, lane or sidewalk closures; temporary detours for vehicles, pedestrians, bicycles and transit vehicles; construction site security; and strategies to mitigate dust, vibrations and noise. The CMP must also identify the responsible person to be contacted by neighbors when questions or problems occur. Phone number and email address of the responsible job site person shall be made available.
- 11) Fair Labor standards. The developer and general contractor shall certify that all applicable state and federal labor laws have been satisfied and shall allow third party inspections or other means of confirming compliance. Failure to comply with applicable state and federal labor laws shall be considered a default with appropriate penalties.
- 12) Actions to Promote Diversity and Equity in Redevelopment. The development and construction of projects with TIF support shall include best efforts by the developer and general contractor to provide employment opportunities for people that are under-represented in the construction field, including women and people of color. Similar efforts shall be made to structure contracts so that businesses owned by people under-represented in the construction industry (including majority women-owned, majority minority owned, certified MBE, WBE and VBE) have a fair and realistic opportunity to provide goods and services to the project.

The developer's plan and strategy to achieve these goals (commonly referred to as Equity and Inclusion Outreach Plan or EIOP) shall be included in the TIF Agreement. The plan shall identify employment and contracting goals for women and people of color. The plan must also include an intentional strategy to pursue and achieve these goals to the greatest extent practical. The plan shall also include the developer's and general contractor's practices to pursue equity, including how they participate in workforce development programs and similar activities in the Twin Cities.

Standards and recommendations from State of Minnesota Department of Human Rights, Hennepin County and similar local and regional agencies and trade associations shall be considered as guidance when identifying these goals and strategies.

As a condition of the Certificate of Completion, the developer shall report on the implementation of the plan as well as the outcomes. Penalties shall apply when the developer fails to make a good faith effort to implement this plan.

USE OF TIF IN EDINA

- 1) TIF to deliver public benefits. TIF will only be used to enable a developer to complete a project that delivers exceptional public benefits. An increase in property tax base alone is not sufficient to warrant the use of TIF. TIF shall also be used as a means to finance public infrastructure improvements carried out by the City.
- 2) “But for” Test. Any use of TIF shall be subject to the “but for” test as prescribed in Minnesota Statute; meaning that “but for” the use of TIF, a project of the size, scale and quality proposed would not occur. The public benefits delivered by the project would also not occur on the site without the use of TIF.
- 3) Final Site Plan Approvals. Requests for TIF support after preliminary zoning has been granted may result in changes to the preliminary site plan to comply with this TIF policy. Any delays or costs due to a re-review are the sole responsibility of the developer.
- 4) Financial Gap. TIF should only be considered to fill a financial gap that is unable to be satisfied by traditional equity and debt sources. TIF assistance will not be provided to projects that have the financial feasibility to proceed without the use of TIF. TIF will not be provided solely to provide an excessive contingency to the project or broaden a developer’s profit margins on a project.
- 5) Developer’s Capital Stack. TIF should be considered the last money into the deal for market-rate projects provided with TIF support. This includes multi-family housing where 20% or fewer of the units are affordably priced in accordance with Edina’s multifamily affordable housing policy.
- 6) Pay as You Go TIF Notes. TIF should only be provided to developers of market-rate projects on a pay-as-you-go basis. In certain cases, up-front or other forms of assistance may be considered by the City but will be at the sole discretion of the City Council or HRA. Bonding or any other appropriate means of financing, supported with TIF revenue should be used by the City to carry out public infrastructure improvements within the TIF District.
- 7) Interest Rate. The interest paid on TIF Notes shall be consistent with the typical interest rate paid in the marketplace for the type of project. The interest rate paid on the TIF Note should not exceed the interest rate underwritten for the permanent financing.

- 8) Deviations from Policy. The City reserves the right to approve or reject the use of TIF, the amount of TIF, and the total term, on a case by case basis, taking into consideration established policies, project criteria, and demand on services in relation to the potential benefits from the project. Deviations from this policy shall be allowed if specifically approved by the City Council or HRA.
- 9) Impact on City Services. TIF will not be used to support development projects that place excessive demands on municipal services or other capital or operating expenditures of the City.
- 10) Financial Analysis. The applicant shall provide to the City and its financial advisor all information necessary to conduct a financial analysis of the proposed project. This information must be complete and accurate. Falsification or manipulation of the financial information shall be terms for immediate disqualification of consideration.
- 11) Financial Returns to Developer. The financial returns to the developer shall be within the typical industry norms for the type and scale of the project. The use of TIF shall be limited to increasing the returns to the lower level of the normal range.
- 12) Projections of Incremental Taxes. The Financial Advisor shall use realistic projections for the value of incremental taxes generated over time. The amount of TIF pledged shall not exceed the amount projected to be generated from the completed project.
- 13) Access to Complete Site and Project Information. Prior to approval of the Term Sheet, the developer shall provide any surveys, required market and financial feasibility studies, appraisals, environmental studies, soil boring information for the project, and other information or data that the City or its legal and financial consultants may require in order to proceed with an independent underwriting. Such information is subject to the Minnesota Government Data Practices Act and may be public information at the time of submission. Proprietary information will be kept non-public to the extent allowed by Minnesota statute.
- 14) Financial Guarantees. In the event that a type of TIF support other than Pay-as-you-go Note is used, the developer shall provide adequate financial guarantees to ensure completion of the project and the repayment of the tax increment financing in the event that the project fails to be completed. Types of guarantees may include, but are not limited to, assessment agreements, insurance, letters of credit, etc.
- 15) Developer experience and capacity. Any developer requesting TIF shall demonstrate past success in real estate development as well as specific capability in the type and scale of development proposed. As part of the TIF Application, the developer shall submit a list of critical members of the development team that identifies professional qualifications and references.
- 16) Inflated Fees not acceptable. The developer fees, soft costs and operating expenses included in the pro forma must be reasonable and typical for the industry. Inflated fees, unreasonable expense categories and excessive contingencies will not be accepted.

- 17) Look back. The TIF agreement will include “look back” provisions to ensure that the TIF was actually needed and shall include early termination of TIF Note payments and/or “claw back” provisions if it is determined that TIF was not needed at the level identified in the TIF Agreement. The clawback provision may be waived for tax-credit and similar affordable housing developments.
- 18) Real Estate Transactions. TIF shall not be used when land acquisition costs exceed market land costs. Acquisition costs shall be scrutinized to ensure that the purchase price is fair and reasonable in relation to recent comparable transactions. If deemed necessary by the City, a current real estate appraisal prepared by an independent appraiser selected by the City shall be provided to validate the fair market value of the land in as-is condition. A high purchase price alone is not sufficient to warrant the use of TIF.
- 19) New and Retained Job Opportunities. When jobs are created or retained, preference should be given to jobs that are not currently located within the City. TIF will not be used for projects that would give a significant financial advantage over similar businesses located in the City.
- 20) Maximum TIF contribution. The principal amount of TIF shall be justified by the “but for” evaluation and shall not exceed the value of exceptional public benefits delivered by the completed market rate project.
- 21) Delivery of TIF Note(s). TIF Notes shall only be delivered to the developer (and be interest-bearing and payable) after the completion of the full project, delivery of the public easements, issuance of Certificate of Occupancy, certification of final costs, documentation of final equity and inclusion outcomes and other key parameters identified in the TIF Redevelopment Agreement. A Certificate of Completion shall be issued by the City/HRA to confirm completion of all TIF related requirements.
- 22) Park Dedication Fees. When TIF is used to support development of new outdoor publicly available spaces such as public plaza, public courtyard or similar public space, the value of such spaces shall not be deducted from any Park Dedication Fees due from the market-rate redevelopment project.
- 23) Grant Funding. Grant funding from other agencies shall be pursued when TIF is used for a development project. The amount of TIF provided may be reduced depending on the amount of grant funding received. The total grant funding received shall be included in the pro formas when the “look back” is calculated.
- 24) Business Subsidy Laws. The City will require compliance with the State of Minnesota Business Subsidy Laws in Minnesota Statutes, Section 116J.993 through 116J.997, unless the project meets one of the business subsidy exceptions.
- 25) Pooling. When pooled TIF funds are available from a different TIF District, their use should be prioritized to provide affordable housing in a greater amount, longer term, or lower target income than what is usually achieved using other City policies. Other uses of pooled funds shall be at the direction of the City Council or HRA.

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Item Number: 8.1

Department: Community Development

Item Activity: Information

Prepared By: Bill Neuendorf, Economic Dev Mgr

Item Title: SPARC Loan for 3916 W. 50th Street – Project Update

Action Requested:

For information purposes only; no action required.

Information/Background:

On November 16, 2023, the HRA entered into an agreement with the commercial property owner to provide limited funding to make occupancy of the vacant lower level space viable. This lower level space has been vacant and underutilized for at least 10 years.

Upon completion, a loan will be issued to reimburse the owner up to \$225,000. The eligible expenses are limited to costs of making the lower level space accessible for those with physical disabilities and installation of a modern ventilation system.

The work was substantially completed in December 2025 and the tenant was open for business by the 12/31/2025 deadline.

Staff has confirmed that the terms of the agreement have been satisfied. The forgivable loan will be issued according to the terms of the contract. After the business remains open for 12 months, the loan will be forgiven.

Resources/Financial Impacts:

These is an anticipated expenditure from the SPARC program.

Relationship to City Policies/Plans/Budget Pillars:

Renovating and modernizing a vacant tenant space contributes to a strong tax base. A new business will add vibrancy to the 50th & France business district.



Strong Foundation



Livable City

Values Impact:



Health

Modernizing outdated ventilation systems and installing ADA lifts allow more people to patronize the commercial space.



Stewardship

Occupancy of vacant commercial spaces promotes stewardship of the community.

Supporting Documentation:

Documents marked with "Board Portal" do not meet [ADA Web Content Accessibility Guidelines \(URL\)](#) and are not included in the public packet. To request a board portal document, please [submit a data request \(URL\)](#).

None