

**MINUTES OF THE WORKSHOP MEETING
CITY COUNCIL
LITTLE CANADA, MINNESOTA**

APRIL 27, 2022

Pursuant to due call and notice thereof a Workshop meeting of the City Council of Little Canada, Minnesota was convened on the 27th day of April, 2022 in the Conference Room of the City Center located at 515 Little Canada Road in said City.

Mayor John Keis called the meeting to order at 6:00 p.m. and the following members of the City Council were present at roll call:

CITY COUNCIL: Mayor Keis, Council Members Fischer, McGraw, Torkelson (arrived at 6:09 p.m.) and Miller (arrived at 6:38 p.m.). Absent: None.

ALSO PRESENT: City Administrator Chris Heineman, Community Development Director Corrin Wendell, City Clerk/HR Manager Heidi Heller, Paul Keenan with Reuter Walton and Mikaela Huot with Baker Tilly Municipal Advisors.

HOUSING TAX INCREMENT FINANCING (TIF) DISTRICT ANALYSIS FOR TWIN LAKE HOUSING PROJECT

Mikaela Huot, Municipal Advisor with Baker Tilly, explained that the City has received an application for financial assistance through Tax Increment Financing (TIF) to assist with a \$1,000,000 financing gap in the development costs related to the construction of a new 60-unit multi-family workforce housing project. She stated that she has been asked by the City to evaluate the level of financial assistance required.

Ms. Huot explained the justification for financial assistance, reviewed the developer's request for Tax Increment Financing assistance, and provided an overview of the proposed project financing. She stated this project would consist of the construction of a new 60-unit multi-family affordable housing project comprising of 1, 2 and 3-bedroom units with income and rent limits restricted to 60% area median income (54 units) and 30% area median income (6 units). The total development cost of the project is approximately \$19 million and will be financed with a combination of debt financing (supported by project cash flow and tax increment revenues), tax credits, a deferred developer fee, and Ramsey County grant funding as long as 10% of the units are rented at 30% area median income. She noted based on her analysis, there is a clear financial gap in project costs.

Ms. Huot explained that tax increment revenues through the establishment of a Tax Increment Financing Housing District is a tool that could assist in closing the financial gap. She stated the project costs that cannot be supported solely by the project alone typically justify the need for public financial assistance as it would allow the project to proceed as proposed with reduced rents and to provide appropriate funding sources for financing of the extraordinary project costs.

Ms. Huot reviewed the requirements of the project in order to qualify for tax increment financing, and considerations to establishing a new tax increment financing district. She explained two potential options for the City to provide assistance: either the creation of a new

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Housing Tax Increment Finance District or utilize Temporary Transfer Authority for unobligated tax increment as authorized by the Minnesota Legislature in 2021.

The Council agreed to continue consideration of one of the options to use Tax Increment Financing to assist this multi-family housing project. Ms. Huot will provide further detail on both financing options for the Council to better review the options. Ms. Huot explained that the option to choose the Temporary Transfer Authority option will end in December 2022, but the money can be spent through 2025.

There being no further business, the meeting was adjourned at 7:19 p.m.

John T. Keis, Mayor

Attest:

Christopher Heineman, City Administrator