



EXECUTIVE SUMMARY

Community Development

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Golden Valley City Council Meeting

July 7, 2026

Agenda Item

4A. Public Hearing Approving the Creation of a Development Program for Economic Development District No. 1 and Adopt Resolution No. 26-052 Amending the Tax Increment Financing Plans for Existing TIF Districts to Incorporate into Economic Development District No. 1

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Summary

At the February 2026 HRA work session staff and the City's Financial Advisor, Ehlers, presented the benefits of pooling Tax Increment Financing (TIF) funds and not decertifying TIF Districts early so that funds could be used for city-wide redevelopment or housing related projects.

Background

TIF Pooling refers to the use of tax increments for activities located outside of the boundaries of the district from which they were collected. Unlike most states, Minnesota TIF laws permit increment to be "pooled" or spent outside of the district on other activities.

Since 2004, the City has certified five (5) TIF districts, one of which has been decertified, North Wirth 3, a Soils Condition District. The remaining four districts are:

- Highway 55 West #1 (Renewal and Renovation)
- Cornerstone Creek (Housing)
- Winnetka Avenue North and Medicine Lake Road – Liberty Crossing (Redevelopment)
- Sentinel - The Winn Apartments (Renewal and Renovation)

The Highway 55 and Winnetka Avenue (Liberty Crossing) TIF district obligations will pay off prior to the end of the district in five- and seven-years respectively. Per Minnesota Statute 469.1763, Subdivision 2(d) allows cities to retain an additional 10% of the TIF in these districts for affordable housing (a total of 35% for affordable housing – 25% for pooling and 10% for administration). The funds must remain in each individual TIF districts until an allowable use or expenditure is identified and payment is made directly from the TIF district.

Potential affordable housing projects that could be assisted have the same restrictions as a housing TIF district, which requires:

- Rental Projects: 20% of the units affordable to persons/families at 50% of the Area Median

Income (AMI); or 40% of the units affordable to persons/families at 60% of AMI.

- Owner Occupied Projects: 100% of AMI for families of two (2) or less or 115% of AMI for families of three (3) or more.

TIF Pooling would provide the option and flexibility to keep the districts open until the authorized amounts are collected (even after the obligations are paid in full). This does not preclude a future TIF districts from decertifying sooner, if that was the decision of the EDA and City Council.

When the existing four TIF districts were created, the HRA at the time created separate project areas for each district, which had the same boundaries as the individual TIF district boundaries. A project area is required for TIF districts to be created and for a city to implement housing and redevelopment programs. The majority of cities that are fully developed typically have one project area that is coterminous with the corporate boundaries of the city. By having the project area the same as the corporate boundaries of the city, a municipality is allowed to pool or use TIF funds from districts anywhere within the city for redevelopment or housing related projects. Projects are still restricted to the qualifying uses of the type of district that is being pooled from. This also includes the use of the 10% administrative fee the EDA collects.

If the City chose to leave the project area boundaries as they are currently set up, then the City could not pool or use administrative funds outside of the individual TIF district boundaries. The pooling of TIF funds will allow the city to use the access funds to increase affordable housing opportunities by creating potential programs for first-time homebuyer and/or senior home-related assistance in the community. Changing the project area boundary to the corporate boundaries of Golden Valley continues the advancement of the City's strategic directive of fostering a healthy mix of housing stock at various price points and life stages as well as cultivating a reputation as a supportive partner in (re)development efforts.

Financial or Budget Considerations

Allowing for the pooling of TIF funds will still require that all future activities that request and received approval from the EDA and City to use TIF shall be accomplished through tax increment financing in accordance with Minnesota Statutes, Sections 469.174 through 469.179, (the "TIF Act").

Legal Considerations

The City Attorney has reviewed and approved the resolution.

Equity Considerations

The opportunity to pool TIF funds advances a more equitable Golden Valley by aligning economic development tools with community needs related to affordable housing and long-term community resilience.

Recommended Action

- Conduct and close public hearing.
- Motion to approve the Creation of a Development Program for Economic Development District No. 1.
- Motion to adopt Resolution No. 26-052 approving the Tax Increment Financing Plans for Existing TIF Districts to Incorporate into Economic Development District No. 1

Supporting Documents

- [Map with Existing TIF Districts and Proposed Boundary](#)
- [Resolution No. 26-052 - Amending Project Area for Various TIF Districts](#)