

**WORKSHOP
OAKDALE CITY COUNCIL
January 7, 2021**

The City Council held a special workshop on Thursday, January 7, 2021, at Oakdale City Hall, 1584 Hadley Avenue North, Oakdale, Minnesota. The meeting began at 5:06 PM.

Present: Mayor Paul Reinke

Council Members: Jake Ingebrigtson (arrived at 5:04 PM)
Susan Olson
Colleen Swedberg
Kevin Zabel

Also Present: Christina Volkers, City Administrator
Jim Thomson, City Attorney
Susan Barry, City Clerk
Alyssa MacLeod, Communications Specialist (participated virtually)
Bob Streetar, Community Development Director

Jenny Bolton, Kennedy and Graven

Tax Increment Financing 101

Jenny Bolton, Kennedy and Graven, provided a comprehensive review of tax increment financing (TIF), which serves as an important development tool.

The City Council inquired about TIF options (pay as you go or city provides funding to developer), length of TIF districts, and the “but-for” application.

Ms. Bolton reviewed eligible and prohibited use of TIF and indicated that developers typically use TIF to finance demolition and/or relocation and for acquisition, grading, and site improvements; as well as to redevelop blighted property or create affordable housing. She added that cities typically use TIF for public infrastructure costs.

In response to questions about affordable housing, Ms. Bolton explained that units typically fill up quickly and the developer can negotiate increasing the number of affordable units. She also explained that when income levels of tenants increase, they may remain.

Ms. Bolton provided an overview on establishing a TIF district.

In response to questions, she explained that limitations may be placed such as the duration of the district and that city policy typically dictates the amount of TIF the city will provide. She also explained that the city does not lose the ability to negotiate improvements and/or amenities in a project when TIF is used.

Housing Project Initiatives

The City Council discussed a proposal by Presbyterian Homes to include an affordable housing component in the 4th and Helmo development.

Council Member Zabel did not support the use of tax increment financing at this location as he believes it places a burden on all taxpayers.

Council Member Ingebrigtsen supports affordable housing but not the use of tax increment financing at the 4th and Helmo location.

Mayor Reinke supported using tax increment financing for Presbyterian Homes proposed affordable housing project and noted that affordable housing is a goal of the city's approved Comprehensive Plan and this project meets the intent of that plan.

In response to a question from Council Member Zabel on Presbyterian Homes using conduit bonding, Ms. Bolton explained that the city would need to apply for conduit bonding, which would be tax exempt; however, it is a highly competitive application process, with limited available funding.

Mayor Reinke indicated that offering affordable housing serves an important public purpose.

Council Member Zabel noted that most residents would not be amenable to paying more taxes to have more affordable housing.

Council Member Swedberg did not support the use of tax increment financing at the 4th and Helmo location and asked that other financing options be considered.

In response to a question from Council Member Olson, Community Development Director Streetar commented on the significant need in the community and metro area for affordable housing. He further commented on how affordable housing assists businesses in recruiting employees.

Council Member Olson shared her support for affordable housing provided it did not place a burden on others through the use of tax increment financing.

Community Development Director Streetar stated that Presbyterian Homes would not develop in Oakdale without the use of tax increment financing.

Mayor Reinke reiterated his support for affordable housing in the city.

City Administrator Volkens informed the City Council that Presbyterian Homes and Bethesda Lutheran Communities would meet with the City Council on January 12 to discuss their respective projects.

Council Member Zabel stated that he would recuse himself from the Bethesda discussion due to a conflict of interest.

Adjournment

The workshop adjourned at 6:56 PM.

Respectfully submitted,
Susan Barry, City Clerk