



Richfield City Council Agenda

April 20, 2026 -- 6:00 PM

**Richfield Municipal Center
Council Chambers
6700 Portland Avenue South**

- 1. Call to Order**
- 2. Item Discussion**
 - a. Continue discussion of 4d(1) tax classification impacts and potential policy.**
- 3. Adjournment**

Auxiliary aids for individuals with disabilities are available upon request. Requests must be made at least 96 hours in advance to the City Clerk at 612-861-9739.

Includes Materials - Materials relating to these agenda items can be found in the Council Chambers Agenda Packet book located by the entrance. The complete Council Agenda Packet is available electronically on the City of Richfield website.



City Council Meeting 4/20/2026
Agenda Section: Item Discussion
Agenda Item: 2.a.

Report Prepared By:

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Department Director:

Melissa Poehlman, Community Development Director

Item for Consideration:

Continue discussion of 4d(1) tax classification impacts and potential policy.

EXECUTIVE SUMMARY

At a work session on February 17, 2026, the City Council and Housing and Redevelopment Authority (HRA) members discussed the 4d(1) tax classification, which provides a reduced tax classification rate for affordable rental housing. The reduced tax rate provides a cost-savings for affordable housing while shifting the cost to other taxpayers.

This work session is a follow-up to that discussion and will provide information that was requested at the February work session, review the impacts of 4d(1) using 2026 data, consider policymakers' housing priorities, and suggest a framework for a 4d policy.

RECOMMENDED ACTION

Listen to the presentation from staff, ask questions, offer feedback, and provide direction on the following questions:

- What is a desirable/reasonable length of time for an affordability period?
- What is our goal for number of units of affordable new construction?
- What does a mixed-income building look like to you? i.e., what's the ratio of market-rate to affordable?

HISTORICAL CONTEXT

- Following a request from Hempel Companies in January 2025 to approve the 4d(1) tax classification for three apartment complexes, the Council asked staff to bring additional information and a potential policy to policymakers.
- A work session was held on February 17, 2026, to discuss the issues. A second work session was scheduled to continue the discussion.

EQUITABLE OR STRATEGIC CONSIDERATIONS OR IMPACTS

- There are two desired outcomes in the Strategic Plan that are impacted by the 4d(1) tax classification including maintaining Richfield as an affordable place to live and creating a diversified tax base.

- Creating and preserving affordable housing can support the desired outcome of reducing inequities and barriers for traditionally excluded communities.

POLICIES (RESOLUTIONS, ORDINANCES, REGULATIONS, STATUTES, ETC.)

- Following the work session, staff will craft a 4d(1) policy for consideration by the Council and HRA. Updates to the City's Inclusionary Housing Policy and Affordable Housing Trust Fund priorities may also be forthcoming.

CRITICAL TIMING ISSUES

- Depending on the outcome of the work session, a formal policy would be brought before both bodies in May or June.

FINANCIAL IMPACT

- Updated information on the financial impacts of 4d(1) are provided in the presentation.

LEGAL CONSIDERATIONS

- Information on the legal issues relating to the 4d(1) tax classification was provided at the February work session.

ALTERNATIVE RECOMMENDATION(S)

N/A

ATTACHMENTS

1. CC-HRA 4d Presentation revised 4.20.26

4d (1) Tax Classification, cont.

Joint Work Session

City Council – Housing & Redevelopment Authority

April 20, 2026

Where we left off...

- Covered background, definitions, tax impacts, data, etc.
- Posed questions
- Requests for more information
- Housing priorities homework

Tonight's Agenda

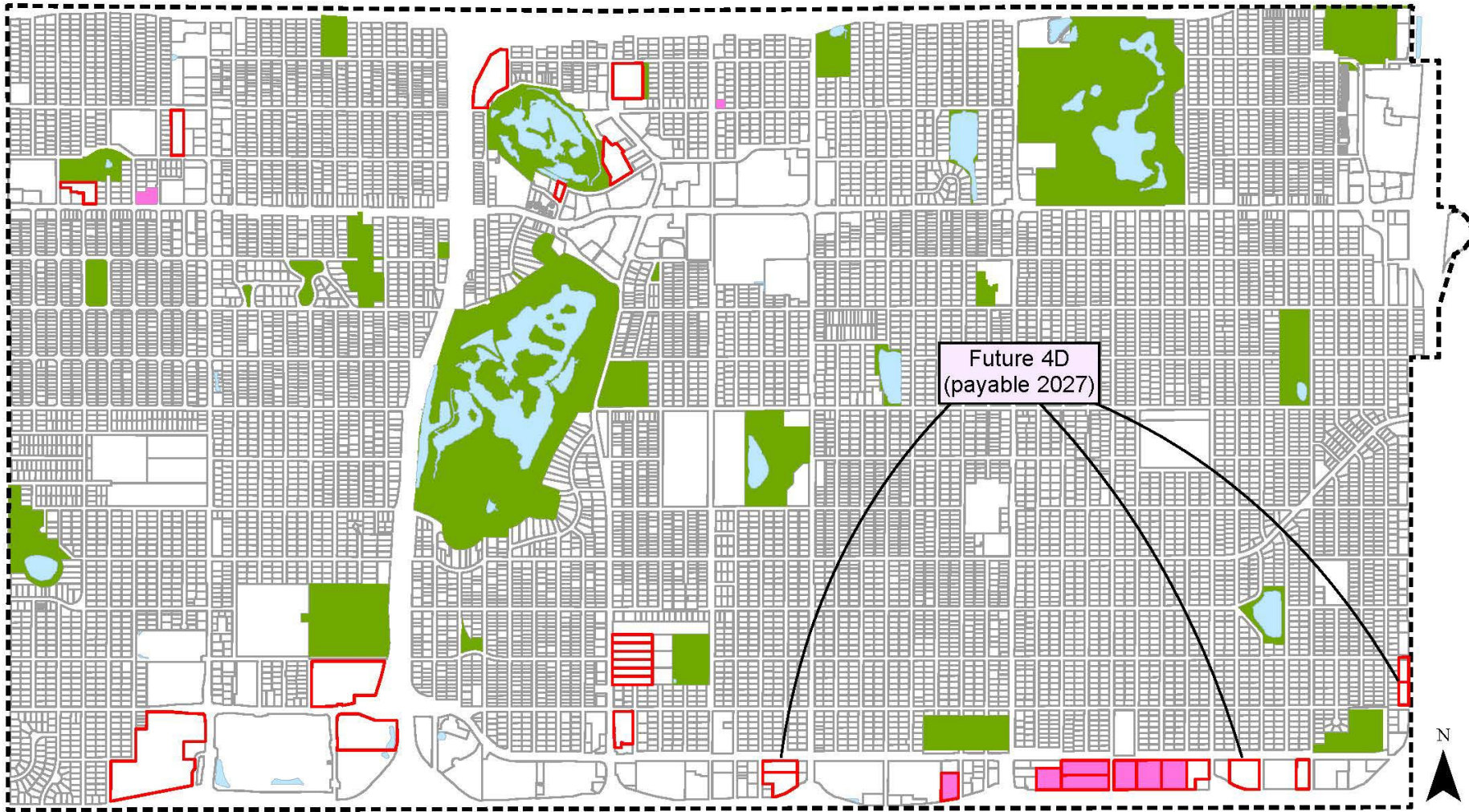
- Information requests:
 - Geographic distribution
 - Resources for cost burdened homeowners
 - Comparison to other communities
 - Impact of TIF decertification

- Updated Impact Numbers

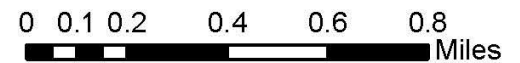
- Priorities

- Policy Direction

- To-do List



4D Tax Classified & NOAH Properties



-  Naturally Occurring Affordable Housing (NOAH) Properties
-  4D Property
-  Lakes
-  Parks
-  City Limits

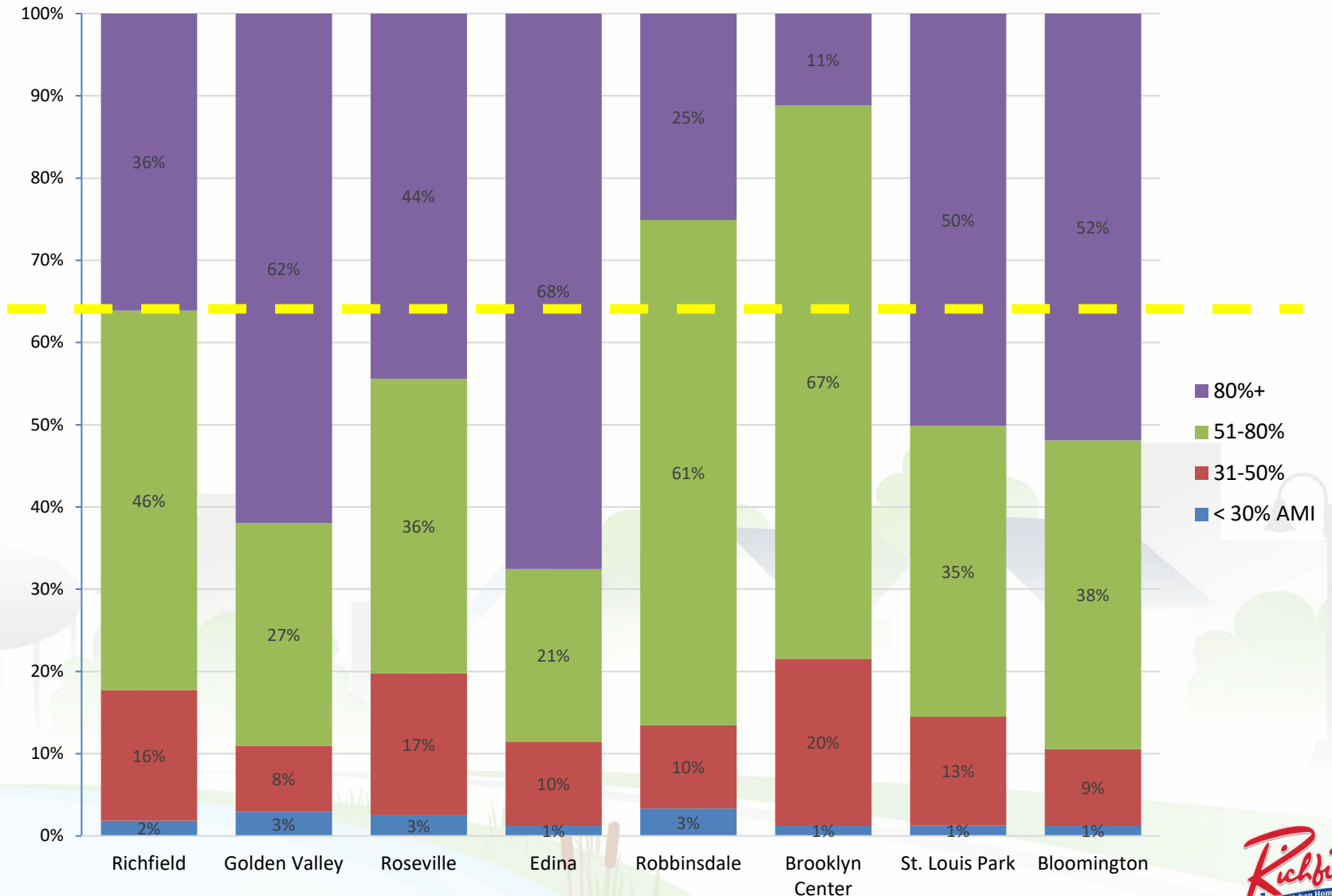


Homeowner Resources

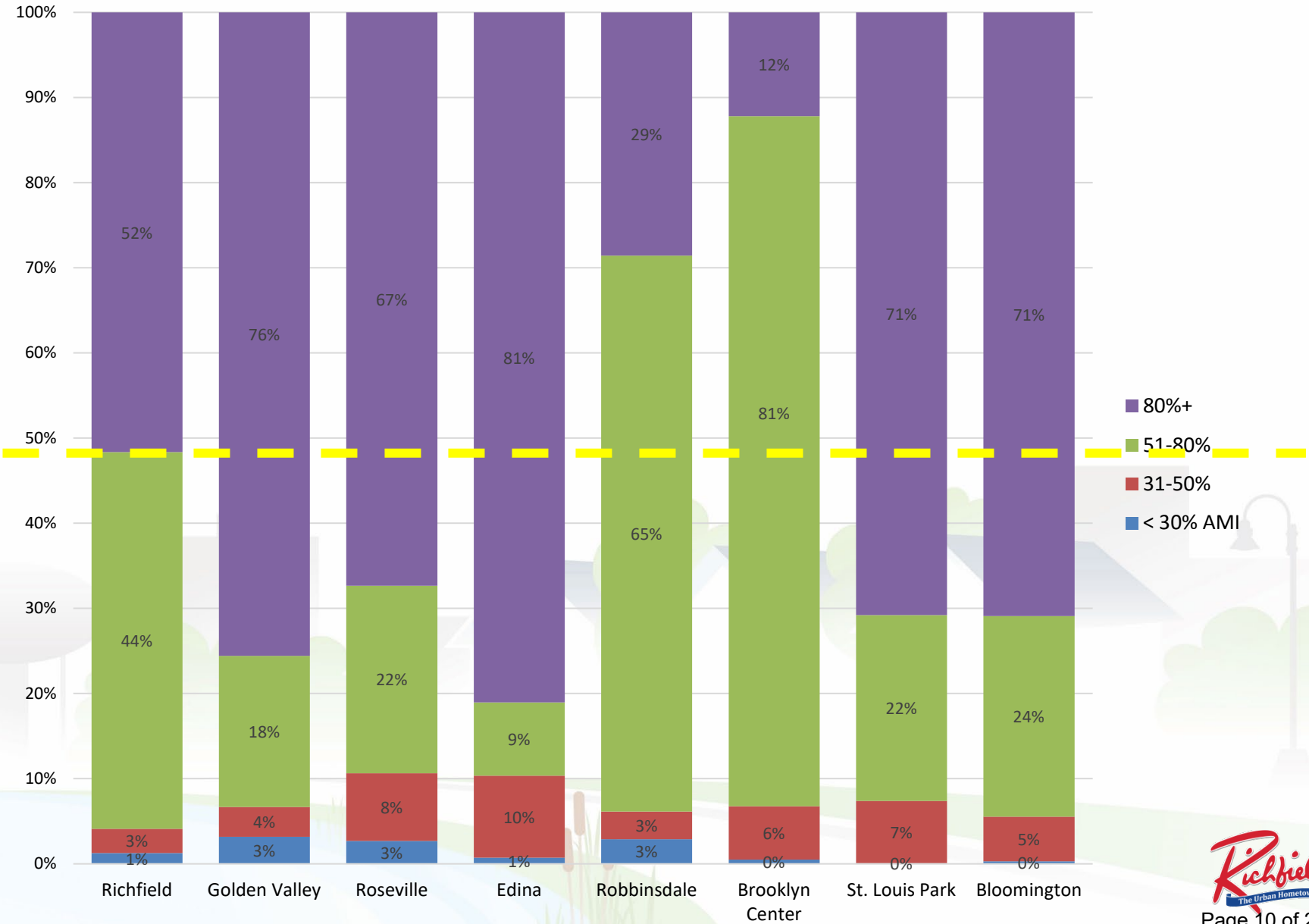
- Foreclosure counseling
- [Property tax deferral program for seniors](#)
- [State property tax refund](#)
- Resources invested in down payment assistance – sets people up for success

Comparisons

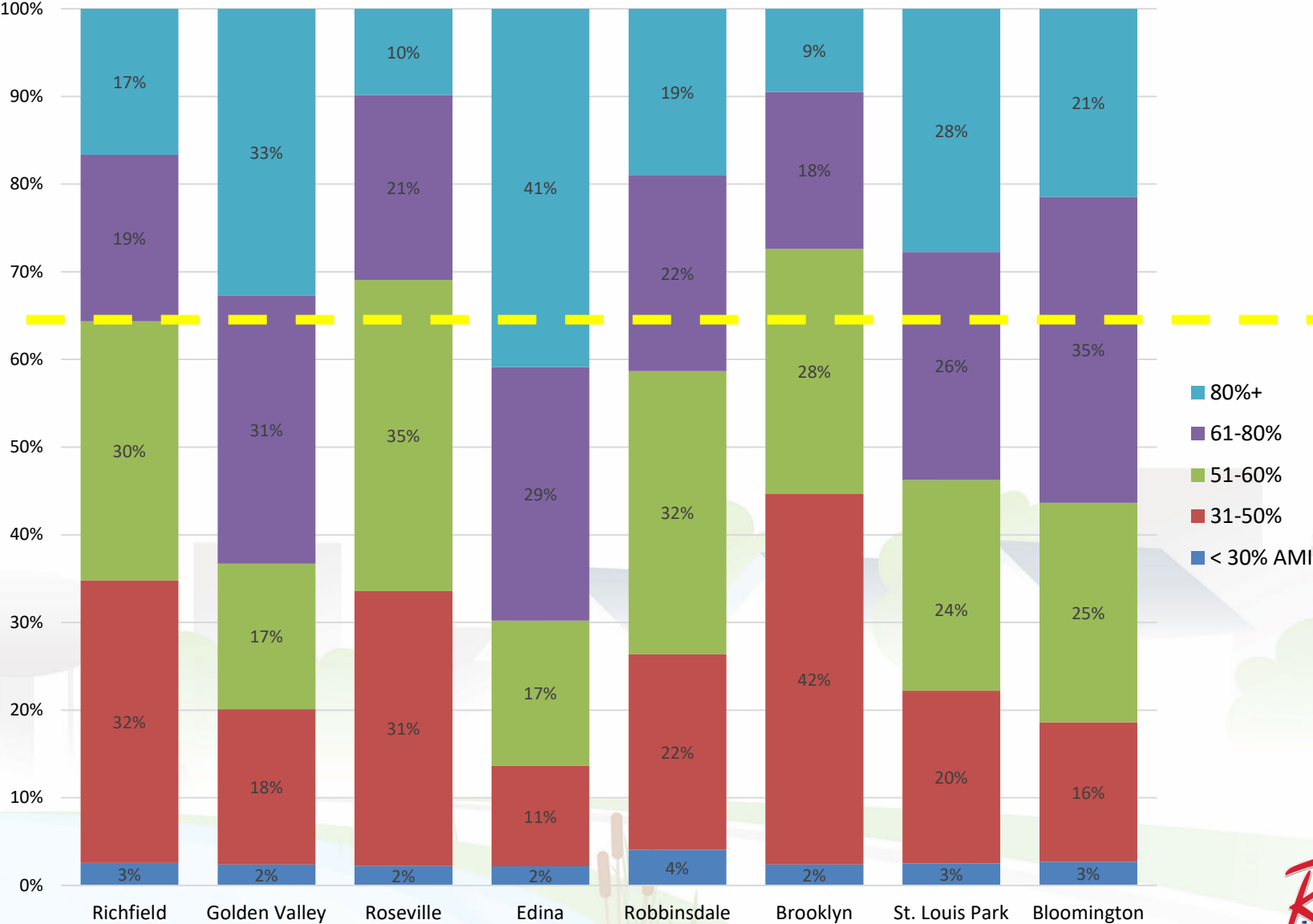
2023 Total Affordability



2023 Owner Affordability



2023 Renter Affordability



4d as % of all rental

	% of rental in 4D
Richfield	11%
Edina	12%
Golden Valley	13%
Robbinsdale	13%
St. Louis Park	13%
Bloomington	13%
Brooklyn Center	21%

Sources: 2023 Met Council Housing Stock Data, 2025 Hennepin County Certification of MN Low-Income Rental Classification (LIRC) Assessor Report

Tax-exempt land

	% of tax-exempt land*
Richfield	15%
Robbinsdale	13%
Edina	15%
Brooklyn Center	18%
St. Louis Park	27%
Golden Valley	29%
Bloomington	31%

*Excludes ROW and bodies of water

Source: 2025 Hennepin County GIS Parcel Dataset

Tax Capacity

City	Tax Capacity Used for Local Rate 2026 Payable	Population	Tax Capacity Per Capita
RICHFIELD	\$ 48,250,755	36,491	\$ 1,322
Bloomington	\$ 185,538,909	89,978	\$ 2,062
Brooklyn Center	\$ 32,993,262	31,755	\$ 1,039
Brooklyn Park	\$ 115,281,625	86,000	\$ 1,340
Edina	\$ 192,305,068	53,662	\$ 3,584
Hopkins	\$ 29,393,267	19,079	\$ 1,541
Golden Valley	\$ 59,761,188	22,556	\$ 2,649
Minneapolis	\$ 676,965,569	428,579	\$ 1,580
Minnetonka	\$ 145,285,364	53,812	\$ 2,700
St. Louis Park	\$ 96,604,144	49,899	\$ 1,936

TIF District/Tax Capacity

2023 Information

City Name	No. of TIF Districts	TIF Captured NTC	Total NTC	TIF % of Tax Base
Wayzata	Unknown	\$4,403,242	\$36,345,933	12.11%
St. Louis Park	25	13,838,198	116,626,650	11.87%
Richfield	16	5,858,456	56,252,734	10.4%
New Brighton	Unknown	3,533,461	37,747,156	9.4%
Hopkins	6	2,969,538	34,035,497	8.7%
West St Paul	5	1,016,009	27,988,165	3.6%
Bloomington	Unknown	6,903,547	222,551,200	3.1%
Edina (Corrected)	14	2,217,665	190,473,325	1.2%
Brooklyn Center	8	868,538	37,033,662	2.3%

2026 Information

City Name	No. of TIF Districts	TIF Captured NTC	Total NTC	TIF % of Tax Base
Wayzata	Unknown	\$5,428,656	\$46,380,950	11.7%
St. Louis Park	24	10,973,667	120,745,314	9.1%
Richfield	14	3,646,682	48,250,755	7.6%
New Brighton	Unknown	2,657,371	40,602,243	6.5%
Hopkins	6	2,255,817	36,563,408	6.2%
West St Paul	5	1,029,310	30,599,154	3.4%
Bloomington	Unknown	7,554,471	232,385,665	3.3%
Edina	13	5,537,929	214,389,878	2.6%
Brooklyn Center	8	659,731	38,297,285	1.7%

Decertifying TIF Districts

Impact of Decertified TIF Districts

As shown on Page 6, the City / HRA will see two TIF Districts decertified over the next ten years. As those districts return value to the tax rolls for general taxing purposes, the City can expect to see a corresponding increase in the tax base. One frequent question we receive is what are the additional levy dollars the City can expect to receive? The table below shows how much more the City could levy and still maintain a stable tax rate.

Projected Additional Tax Levy Dollars as a Result of Decertified TIF Districts

TIF District	Decertifies	Projected									
		2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
City Bella	12/31/2030				595,108						
Lyndale Gateway West (Kensington Park)	12/31/2029			303,632							
		-	-	303,632	595,108	-	-	-	-	-	-
City Tax Rate for taxes payable in 2026	56.048%										
Estimated Additional Annual Tax Levy Available ⁽¹⁾		\$ -	\$ -	\$ 170,180	\$ 333,546	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(1) - Assumptions:

- Calculates additional dollars the City could levy and still maintain the same tax rate as Pay 2026
- Assumes no change in existing tax base from prior year
- Assumes no change in the Fiscal Disparities Distribution Dollars from Pay 2026

Impacts of 4d in Richfield - 2026

- \$445,000 tax savings/cost
- 0.46% of total tax capacity
- Cost to median-valued home = \$28.19
- Cost to 11-unit apartment building = \$175.54
- Cost of Hempel to median-valued home = \$7.45
- Cost of Hempel on County taxes = \$.09

Peer Perspectives

Edina/St. Louis Park/Golden Valley: 4d programs for NOAH preservation

Minneapolis: Program reduced to 50% AMI; considers per unit subsidy cost

St. Paul: Program closed

Brooklyn Park: considered a policy (similar concerns); prefer to use other tools to preserve housing

Columbia Heights: Not studying

New Development: TIF vs. 4d Subsidy Comparison

Affordable building with 4d
Subsidy = \$1,261/unit/year



\$50,444 over 40 years

Market-rate building with TIF
Subsidy = \$1,455/unit/year



\$37,843 over 26 years

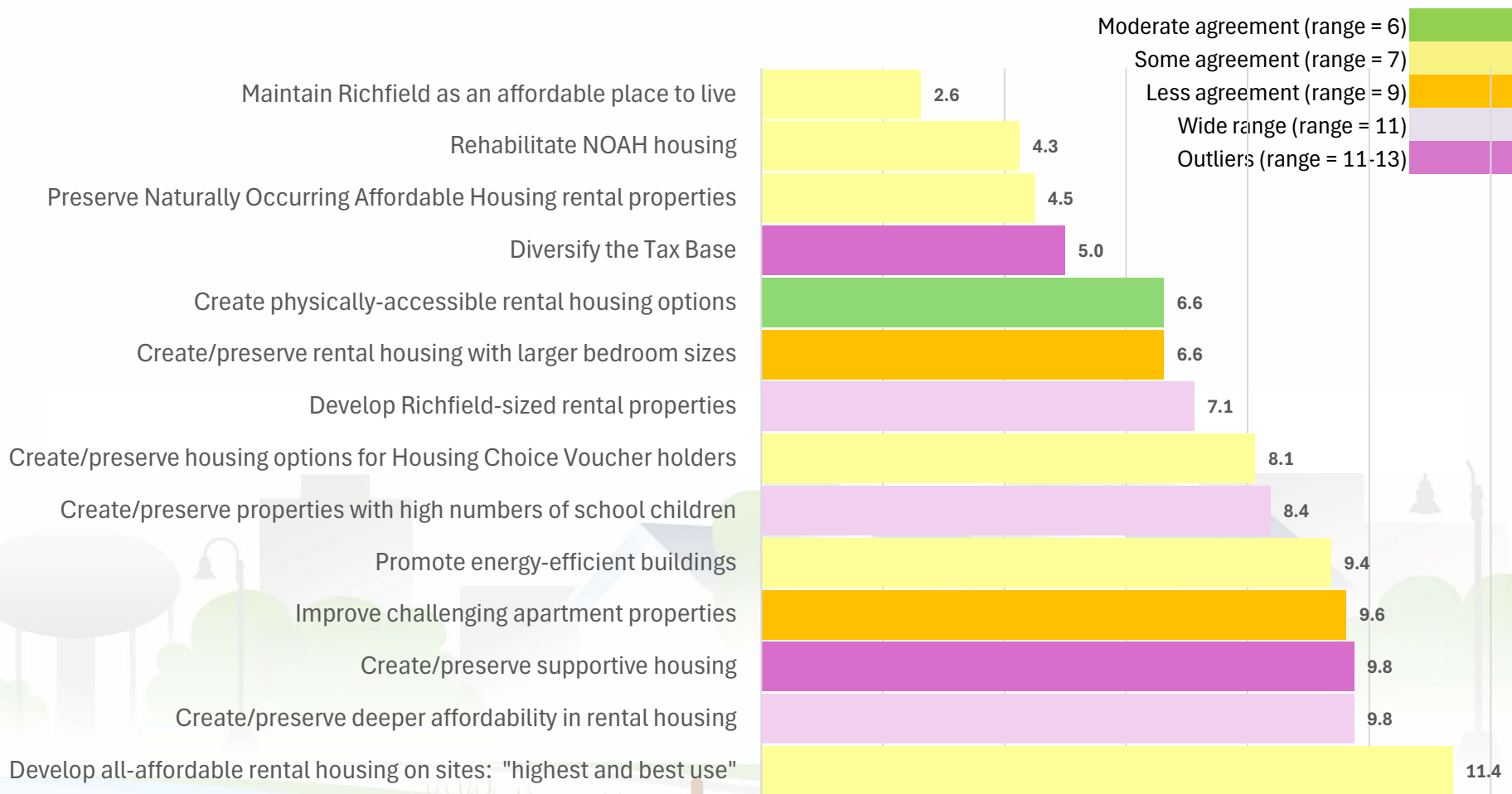
NOAH preservation with 4d
Subsidy = \$487/unit/year



\$7,299 over 15 years
\$12,651 over 26 years
\$19,464 over 40 years

Priorities

Average Ranking of Housing Priorities and Level of Agreement



What we heard

- Maintaining affordability for existing residents, NOAH preservation and rehab, and diversifying the tax base are high priorities.
- Mixed-income housing is preferred; there is less support for prioritizing all-affordable housing.
- Accessibility and large bedroom units are high priorities for new construction (over deeper affordability).
- Deeply affordable, supportive, and all-affordable housing are lower priorities.

What that means

- The priority for new development will be mixed-income housing (and commercial if market rebounds).
- Market isn't supporting market-rate housing right now, so development will likely remain slower.
- Biggest priority of County, State, Met Council is for 30% AMI housing. Without prioritizing it, our developments will be less competitive for outside funding.
- There are some properties where highest and best use may be all-affordable housing. Developing these properties will continue to be challenging if we don't consider these development options.

Lingering Questions

- What is a desirable/reasonable length of time for an affordability period? (Penn Station = 40 years; TIF districts = 26 years or less)
 - If we're investing in a property, should we be seeking a maximum number of years of affordability?
- What is our goal for number of units of affordable new construction?
 - Current Met Council “fair share”:
 - 30% AMI = 132 units
 - 31-50% AMI = 53 units
 - 51-80% AMI – goal met
- What does a mixed-income building look like to you? i.e., what's the ratio of market-rate to affordable?
 - Note: Investors and funders may not agree

4d Policy Thoughts

- Approve 4d as a tool of last resort
- Prioritize use of 4d for NOAH preservation when it meets priorities and includes rehab
- Continue to consider 4d on a case-by-case basis (i.e., no program to encourage its use)
- Any project must further high housing priorities: large bedroom sizes, accessibility, Section 8-friendly
- New construction: possible use of 4d for Richfield-sized buildings where TIF isn't an option and where all-affordable is best choice for the site
- New development should use other tools first (e.g., TIF, Trust Fund)

Next Steps

- Draft a 4d policy
- Update Inclusionary Housing Policy
- Update Trust Fund priorities
- Bring items to Council and HRA