



# NORTH BRANCH —Minnesota—

Kevin Schieber  
Mayor

Robert Canada  
Councilmember/Acting Mayor

Jeff Goulet  
Councilmember

Jim Ibinger  
Councilmember

Patrick Meacham  
Councilmember

**CITY COUNCIL  
REGULAR AGENDA  
WEDNESDAY, MAY 20, 2026 @ 6:00 PM  
CITY HALL, 6408 ELM STREET, NORTH  
BRANCH, MN 55056**

1. CALL TO ORDER
2. PLEDGE OF ALLEGIANCE
3. ROLL CALL
4. WORKSESSION ITEMS
  - a. Consideration of support for a TIF Application for the Herzog Apartments (Unique INFO Opportunities LLC)
5. ADJOURNMENT

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*Since we do not have time to discuss every point presented, it may seem that decisions are preconceived. However, background information is provided to the City Council on each Agenda item in advance from Staff and appointed Commissions; and decisions are based on this information and past experiences. In addition some items may also have been discussed preliminarily at Council Work Sessions. If you are aware of information that has not been discussed, please raise your hand to be recognized. Comments that are pertinent are appreciated. Items requiring excessive time may be continued to another meeting.*

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**Prepared By: Nathan Sondrol, Community Development Director**

**Presenter: Nathan Sondrol, Community Development Director**

**Date: 05/14/2026**

**Board & Commission: City Council**

**Subject: Consideration of support for a TIF Application for the Herzog Apartments (Unique Opportunities LLC)**

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#### **Overview / Background**

The City has received an application request for Tax Increment Financing (TIF) assistance from Unique Opportunities LLC for the construction of a 236-unit multifamily residential development in North Branch. The site would include (2) 88 unit buildings and (1) 60 unit building. The proposed project is planned for the area located on the East side of the intersection of Falcon Avenue and 382<sup>nd</sup> Drive and is immediately south of the Ecumen site. The property in consideration is approximately 10 acres and is currently utilized as vacant land that is zoned and guided as High Density Residential.

The proposed project would be required to provide public purpose and meet policy considerations as outlined in the city's housing policy.

The City Council discussed this project at work session on February 25, 2026, however the applicant was unable to attend the meeting. The applicant, Samuel Herzog, is looking to discuss the project with the council to determine if there is a solution that would be able to meet the goals both parties.

Enclosed is a memo from Ehlers, along with the applicants narrative and site plan concept for the site.

#### **Requested Action**

The developer is looking for initial City Council review and direction on the TIF application.

#### **Voting Requirements:**

**Voting Options          Simple Majority**

**Unique Opportunities LLC**

3155 Pioneer Rd SE  
Alexandria, MN 56308  
Phone: 218-205-3573  
Email: samuel@herzogapartments.com

**January 9, 2026**

**City of North Branch**

Attn: City Administrator and City Council  
North Branch, Minnesota

**Re: Proposed 236 Unit Multifamily Housing Development and Request for Tax Increment Financing Assistance**

Dear Members of the City Council and City Staff,

My name is Samuel Herzog, and I am writing on behalf of Unique Opportunities LLC regarding our proposed multifamily housing development in the City of North Branch. We appreciate the opportunity to submit this narrative in support of our application and to further explain the community need and financial structure of the project.

Unique Opportunities LLC is proposing to construct an approximately 236 unit multifamily development consisting of three residential buildings arranged around a centrally located shared community space. This design is intended to promote walkability, connectivity, and a strong sense of community while integrating thoughtfully with the surrounding neighborhood.

Based on our feasibility analysis and market research within North Branch, there is a clear and growing demand for additional housing, particularly within the multifamily sector. Our research indicates an unmet need for a broader mix of unit types than has traditionally been delivered. Historically, new multifamily construction in the area has focused primarily on one and two bedroom units. While those unit types remain important, current demand demonstrates a shortage of smaller studio units as well as larger three and four bedroom units that can accommodate families and multi generational households.

Affordability is also a significant housing challenge in North Branch. As part of this project, 20 percent of the proposed units, or 48 apartments, will be set aside for households earning up to 50 percent of area median income. We strongly support this mixed income structure, where the majority of units remain market rate while a meaningful portion is reserved for lower income residents. In our experience, this model fosters stronger and more resilient communities by encouraging a diversity of household types and income levels within a single development.

To make this project financially viable, Unique Opportunities LLC is requesting assistance from the City in the form of Tax Increment Financing. Without TIF support, this development cannot proceed. The combination of continued elevated construction costs and higher interest rates has created a financing gap that makes the project infeasible under current market conditions. Even with TIF, the project remains financially challenging, which is why we have provided complete and transparent project financials for the City's review.

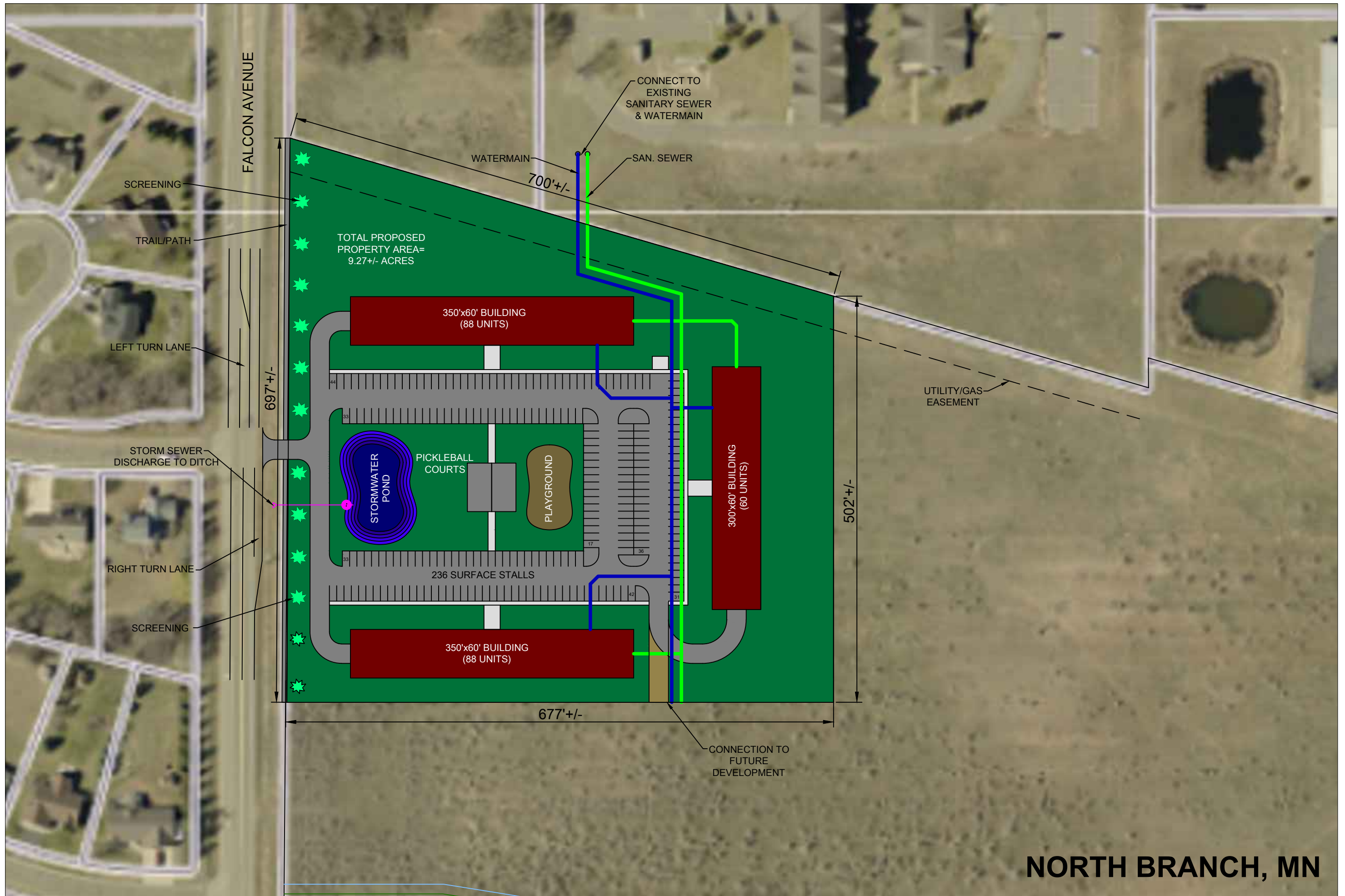
Importantly, the requested TIF assistance is also what enables the affordability component of the development. The TIF support directly facilitates the creation of 48 income restricted units that would not otherwise be achievable. In this way, the proposed assistance delivers tangible public benefits by expanding housing supply, increasing affordability, and supporting a diverse and inclusive community.

We value the City of North Branch as a long term partner and are committed to delivering a high quality development that aligns with the City's housing goals and broader vision for responsible growth. We appreciate your time and thoughtful consideration of this request and welcome the opportunity to answer any questions or provide additional information as needed.

Respectfully submitted,

**Samuel Herzog**

Unique Opportunities LLC



## MEMORANDUM

TO: Nathan Sondrol – Community Development Director  
 FROM: Schane Rudlang and Rebecca Kurtz – Ehlers  
 DATE: February 20, 2026  
 SUBJECT: Herzog Housing Development – Preliminary Financial Review

The City of North Branch received a tax increment request from Unique Opportunities LLC (“Developer”) for their proposed development at PID 110041305 (“Project”). The Developer is requesting 90% of the Tax Increment (“TIF”) generated from the Project over 26 years to fill their financing gap.

### Project Background

The Developer currently proposes to construct two 88-unit and one 60-unit apartment buildings totaling 236 units over the three buildings. The buildings are planned to be built over a three-year period. The unit mix is as shown in the tables below.

Unit Type	Rent	Unit Count	Size Sq. Ft.	Unit Type	Rent	Unit Count	Size Sq. Ft.
Studio	\$ 995	12	350	Studio	\$ 995	12	378
1BR Alcove	\$ 1,150	16	450	1BR Alcove	\$ 1,150	3	485
1BR L	\$ 1,295	20	550	1BR	\$ 1,195	12	540
2BR	\$ 1,595	24	900	1BR L	\$ 1,295	3	675
3BR	\$ 1,795	8	1,100	2BR	\$ 1,595	18	930
4BR	\$ 1,895	8	1,300	3BR	\$ 1,795	6	1,270
		<b>88</b>		4BR	\$ 1,895	6	1,360
						<b>60</b>	

### TIF District

TIF represents the new tax base created by a development that would not occur without the public investment provided through TIF (the “but for” test). Minnesota Statutes allow a Housing TIF District to be created to provide financial assistance when certain conditions are met. This Project would qualify because the Developer plans to restrict incomes on at least 20 percent of the units to households earning 50 percent of Area Median Income or less.

The statutory restriction applies to tenant income and not rent levels. Tenants must meet income qualifications, but the Developer is not required to restrict rents. Some communities choose to negotiate rent restrictions as part of the TIF agreement. A Housing TIF District can last for up to 26 years.

### Financial Review Process

The Developer submitted financial information (“Proforma”) to the City. Ehlers inputs this information into its financial model and evaluates the assumptions and results against comparable projects and relevant market data. Ehlers then adjusts the Proforma to test whether the requested TIF amount is warranted. Ehlers also calculates the amount of TIF the Project would generate using assessor data.

Projects should perform well enough to secure financing and provide a reasonable market return on equity. Public assistance should not result in above-market profits. Based on the review, the Project will likely require the full 26-year duration of a Housing TIF District to be financially feasible.

### **Policy Questions**

At the February 25 meeting, City staff and Ehlers will present background on the Project, background on TIF Districts, and the preliminary findings of the financial review. The Council will be asked to provide input on the level of subsidy and whether additional rent restrictions should be included in the Project beyond the statutory income requirements.



## Tax Increment Financing

City of North Branch

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### Why consider providing TIF assistance?

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Fill a  
Financing Gap

- Encourage development that normally wouldn't occur without assistance ("but for")
- To do what the market won't do on its own
- Only 'nudge' markets, can't create markets



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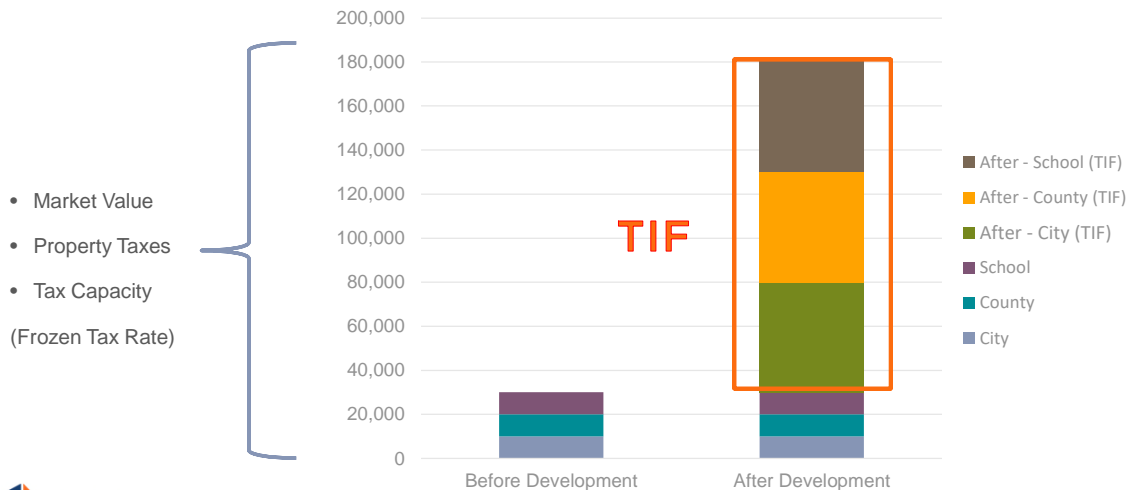
## What is Tax Increment Financing (TIF)?

The ability to capture and use most of the **increase** in local property tax revenues from **new development** within a defined geographic area for a defined period of time **without** approval of the other taxing jurisdictions.

Minnesota Statutes  
469.174-469.1794

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## What is TIF? (Residential Example)



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## Rental Housing TIF Districts

- **Goal**
  - ✓ Create rental housing for low- to moderate-income households
- **Maximum Term**
  - ✓ 25 years from receipt of first increment (26 years total)
- **Establishment Requirements**
  - ✓ Rental: 20% of units for persons at 50% AMI

**Income Limits by Household Size**

	1	2	3	4	5	6	7	8
<b>50%</b>	46,350	53,000	59,600	66,200	71,500	76,800	82,100	87,400
<b>60%</b>	55,620	63,600	71,520	79,440	85,800	92,160	98,520	104,880



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## PROJECT OVERVIEW

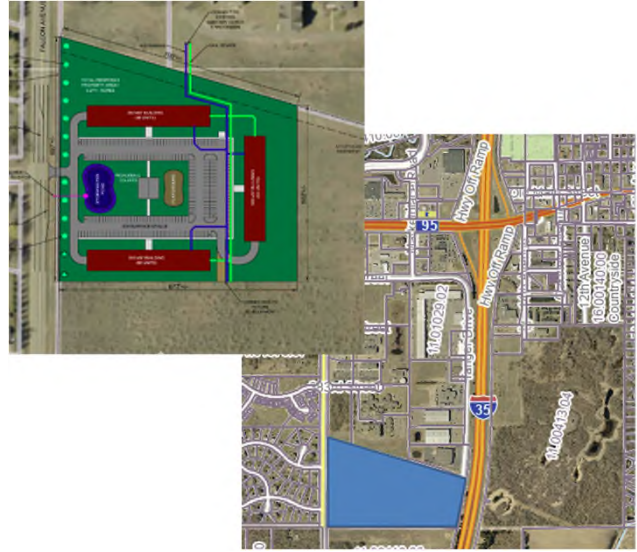


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## Proposed Development

- North-westerly area of parcel 110041305
- 236 units of rental housing
  - ✓ Two 88-unit buildings and one 60-unit building
  - ✓ 20% of the units available to persons at 50% AMI
- Built over a three-year period



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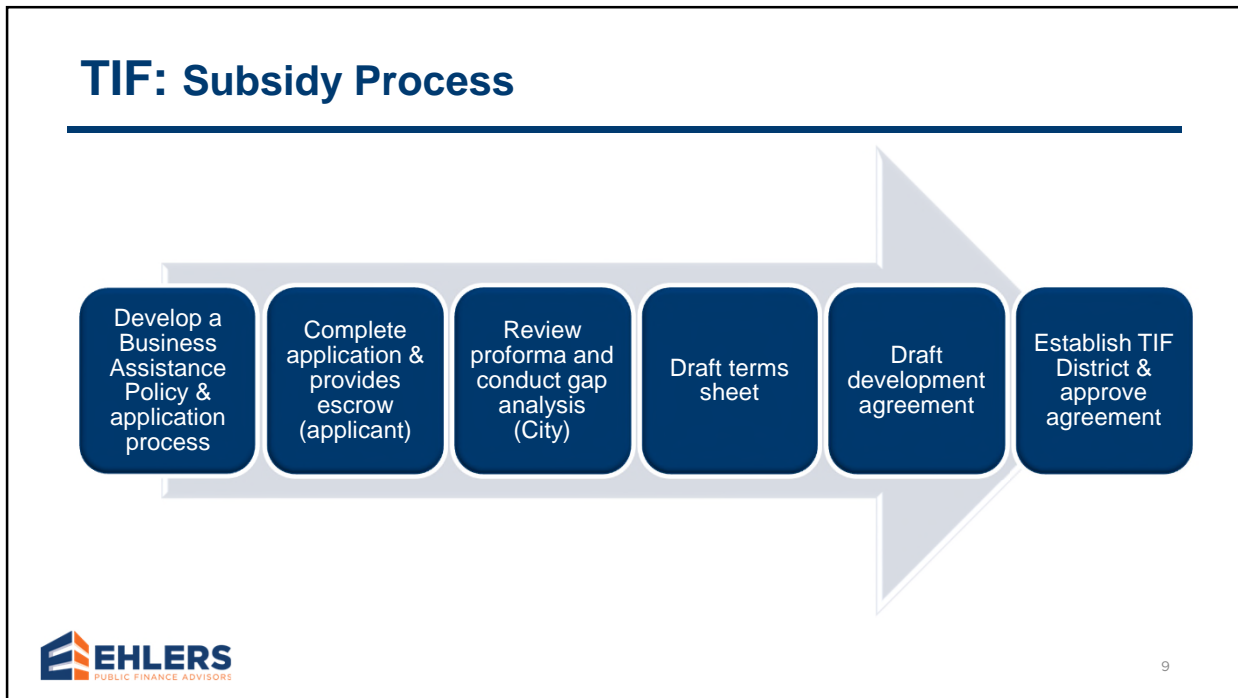
TIF 101

## ESTABLISHMENT

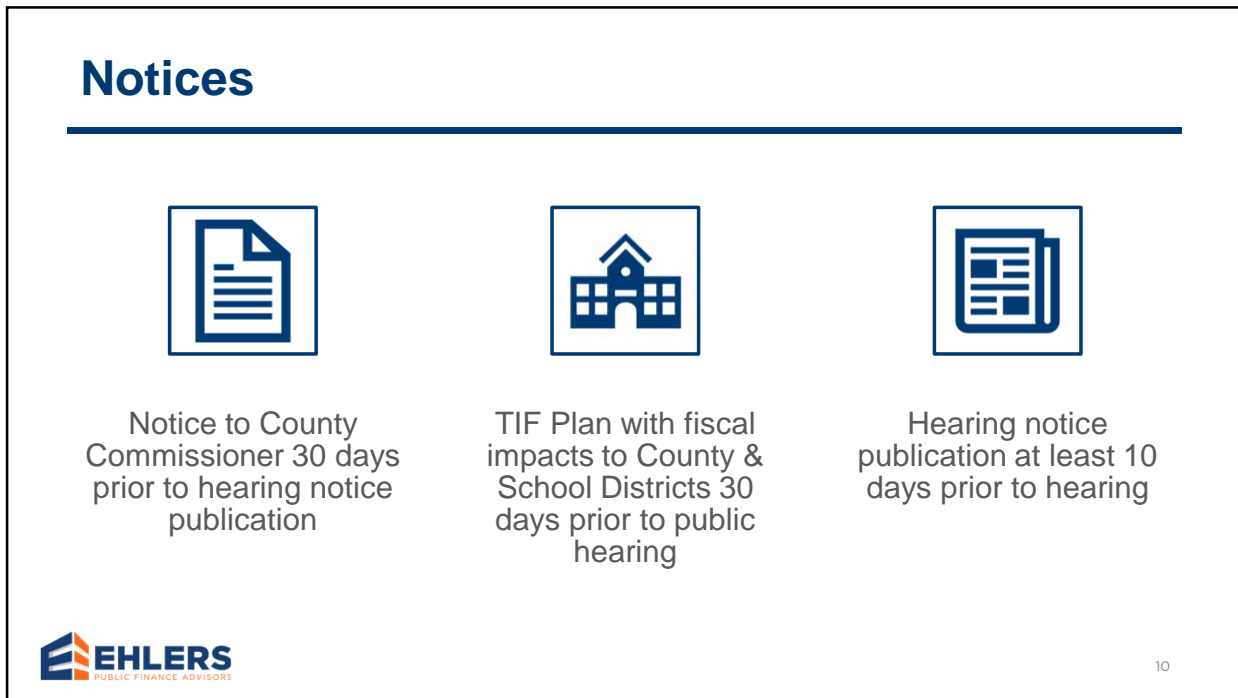


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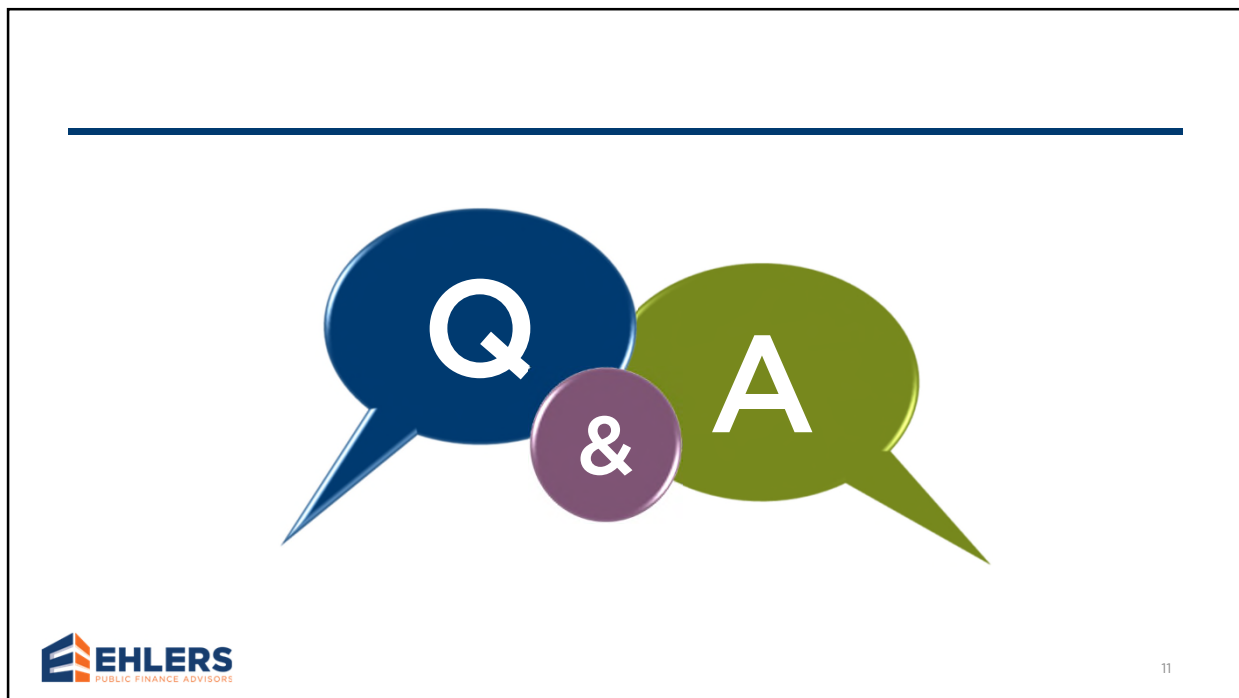
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## Important Disclosures

Ehlers is the joint marketing name of the following affiliated businesses (collectively, the "Affiliates"): Ehlers & Associates, Inc. ("EA"), a municipal advisor registered with the Municipal Securities Rulemaking Board ("MSRB") and the Securities and Exchange Commission ("SEC"); Ehlers Investment Partners, LLC ("EIP"), an SEC registered investment adviser; and Bond Trust Services Corporation ("BTS"), a holder of a limited banking charter issued by the State of Minnesota.

Where an activity requires registration as a municipal advisor pursuant to Section 15B of the Exchange Act of 1934 (Financial Management Planning and Debt Issuance & Management), such activity is or will be performed by EA; where an activity requires registration as an investment adviser pursuant to the Investment Advisers Act of 1940 (Investments and Treasury Management), such activity is or will be performed by EIP; and where an activity requires licensing as a bank pursuant to applicable state law (paying agent services shown under Debt Issuance & Management), such activity is or will be performed by BTS. Activities not requiring registration may be performed by any Affiliate.

This communication does not constitute an offer or solicitation for the purchase or sale of any investment (including without limitation, any municipal financial product, municipal security, or other security) or agreement with respect to any investment strategy or program. This communication is offered without charge to clients, friends, and prospective clients of the Affiliates as a source of general information about the services Ehlers provides. This communication is neither advice nor a recommendation by any Affiliate to any person with respect to any municipal financial product, municipal security, or other security, as such terms are defined pursuant to Section 15B of the Exchange Act of 1934 and rules of the MSRB. This communication does not constitute investment advice by any Affiliate that purports to meet the objectives or needs of any person pursuant to the Investment Advisers Act of 1940 or applicable state law.



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## Housing Assistance Policy Application Process and Fees

The following outlines the process for the City to accept and consider requests for assistance for housing projects in the City of North Branch:

1. All applicants for housing assistance must complete and submit an Application for Public Financing form and the \$2500 fee to the City.
2. The applicant must provide all supplementary information and attachments as required in the Application for Public Financing.
3. The Application and fee will initiate the City's **preliminary** due diligence to ensure the project is consistent with the City's policies, demonstrates that the project will fill a public purpose and will be in compliance with Minnesota Statutes -- including the TIF Statutes, if TIF is requested -- and the City's land use requirements.
4. If staff determines that the preliminary due diligence requirements are met, then the City Council and their financial consultant shall conduct a preliminary proforma analysis to determine if the project has a financial gap and whether public assistance is needed.
5. After preliminary proforma analysis, staff will bring the project forward to the Council with a staff recommendation about whether the project warrants any financial assistance from the City and, if so, the amount and terms of such assistance. The staff recommendation will include an assessment of the public purpose and the City goals the project will fulfill if assistance is being recommended.

If an application is incomplete, the project does not meet minimum statutory requirements, or if the project is for a use (i.e., single family housing) that is prohibited by this Policy, it will not be brought forward by staff to the City Council.

6. The City Council will consider the staff recommendation and decide whether to provide conceptual approval of the assistance as recommended.
7. If the City Council provides conceptual approval for providing assistance to the project, the applicant shall deposit \$10,000 with the City to cover costs incurred by the City, including but not limited to, legal and consultant costs incurred as part of conducting any additional fiscal analysis that may be required to meet the requirements of utilizing any public financing, drafting and negotiating a development agreement, and establishing a TIF district or abatement.

If additional expenses are incurred beyond the \$10,000, prior to the execution of a development agreement, the City shall notify the applicant in writing, and the applicant will be required to deposit additional funds upon notice. Any unused portion of the deposit shall be returned to the applicant.

8. If the City decides to grant assistance to the applicant, the applicant and the City must enter into a Contract for Private Development containing at least the following elements:
  - a. A description of the business assistance, including the amount and type of assistance, and the type of district, if tax increment financing is provided

- b. A statement of the assistance's use and public purpose
- c. Measurable, specific, and tangible goals for the housing assistance, including income and/or rent restrictions
- d. A description of the recipient's financial obligations if the goals are not met
- e. A statement of why the subsidy is needed
- f. The City may require the application to retain ownership of the project for at least the period of time needed to complete the development and/or structure, to stabilize its occupancy, and to establish the project's management.
- g. The City may require the applicant to maintain a taxable property for an additional period of time **after** enough tax increment/abatement has been generated to repay the subsidy. This period of time is at the sole discretion of the City and will be determined on a case by case basis.

If at any point during the process the applicant or a member of the applicant's development team contacts a City Council or Economic Development Authority member, the Council member or EDA member will redirect the applicant to City staff. City Council and Economic Development Authority members will not meet directly with or have discussions with the applicant or a member of the applicant's development team.

# City of North Branch, Minnesota

## Housing Assistance Policy

### I. PURPOSE

The purpose of this policy is to establish the criteria and procedures by which public assistance – including tax increment financing and tax abatement -- may be used to incent and support the development of logical and efficient housing development in the City that addresses a public purpose that the private sector is not accomplishing in the community without assistance.

In certain situations, the cost of utilities, streets, eligible public improvements, affordable housing, City fees, redevelopment and environmental remediation, or site acquisition may make a housing project financially infeasible. In any of these situations, the City may consider providing financial assistance to fill a demonstrated financial gap in the project when it is determined that the proposed housing project will address a demonstrated public need. This policy shall be used as a guide in reviewing housing development applications for financial assistance.

### II. POLICY

It is the policy of the City of North Branch to provide financial assistance to housing projects to assist with certain development costs. A housing project receiving financing assistance must first demonstrate that it is addressing or responding to a housing need and, upon the showing of need, meet one of the City's two additional goals. Eligible projects must be a (1) rental housing project that meets or exceeds the income qualifications for tax increment financing as defined under Minnesota Statutes, Section 469.174 through 469.1794 and provides affordable rents to those units; or (2) provide for reuse or redevelopment of an existing property to increase the tax base. Housing projects may include workforce housing, senior developments, manufactured home developments and supportive housing. New construction of single-family developments and luxury rental housing are not eligible for public assistance unless they are part of a redevelopment project.

Priority will be given to projects meeting some or all the criteria below:

- Projects developed on City or EDA owned land
- Projects showing deeper levels of affordability that exceed the minimum requirements of the TIF Law
- Projects developing housing options not available in the City
- Projects including amenities that are not available in other housing developments within the community above and beyond what is typically required in developments
- Projects maximizing the density allowed under the zoning guidelines
- Projects incorporating energy efficiency and / or sustainable practices

Financial assistance may be considered to assist with the following eligible project costs:

- Construction of affordable housing
- Extending or relocating utilities or constructing utility infrastructure
- Street improvements or street assessments
- Site improvements
- Site acquisition

- Clearance and demolition expenses
- Environmental remediation
- City fees including park dedication, utility connection, or storm water fees
- Other eligible public improvements

Public assistance will be provided through issuance of a Pay-as-you-go Note, with the Developer providing the financing and being reimbursed per the terms of the Development Agreement. Assistance will be up to – and not exceed -- an amount that generates a return that is within the market return for a comparable project at the time of development.

### III. PROCEDURE

A developer may request assistance from the City by submitting a financial assistance application and supporting documentation, together with the non-refundable application fee to the City of North Branch. Significant additional information may be requested at any time by the City. This information may be in addition to the materials outlined in the financial assistance application. The Applicant shall be required to submit any and all information as requested by the City.

City staff and, as appropriate, the City’s municipal advisor shall review the application materials and make a preliminary recommendation to the City. The staff recommendation will include:

- a. The proposed amount of the financial assistance
- b. The proposed structure and terms of the financial assistance
- c. A rationale for the recommendation
- d. Eligible affordable housing project costs and the estimated cost of the project
- e. Past history of the developer’s performance after completing due diligence on the applicant

The City may either deny or grant approval of any assistance. Once the City has completed preliminary due diligence and financial review of the application, the developer applicant shall deposit additional funds in an amount established by the City, but not less than \$10,000 as an initial escrow, to cover legal and consultant costs incurred as part of establishing a tax increment financing district, drafting and negotiating a development agreement, and conducting any fiscal analysis that may be required to meet the requirements of utilizing any public financing to support the affordable housing project proposed. If additional expenses are incurred beyond the initial deposit, prior to the execution of a development agreement, the City shall notify the applicant in writing and the applicant will be required to deposit additional funds into the escrow upon notice. Unused applicant escrow funds on deposit shall be returned to the developer applicant.

### IV. GENERAL TERMS AND CONDITIONS

The project must comply with the rent and income restrictions for the term of the assistance and report the rents and incomes to the City for the term of the restrictions on an annual basis.

The City reserves the right to deny any application for financial assistance at any stage of the proceedings prior to adopting the resolution approving the financial assistance. The Applicant is not entitled to rely on any preliminary actions by the City or its staff prior to the adoption by City of a final resolution of approval of the financial assistance, and all expenditures, obligations,

costs, fees, or liabilities incurred by the Applicant in connection with the Project are incurred by the Applicant at its sole risk and expense and not in reliance on any actions of the City.

Any applicant who is not in good standing with the City, in regard to licenses, fees, taxes or other specific charges, will not be considered for receiving financial assistance.

The Applicant shall hold the City, its officers, consultants, attorneys, and agents harmless from any and all claims arising from or in connection with the project or financial assistance application, including but not limited to, any legal or actual violations of any State or Federal securities laws.

The City shall have the option of amending or waiving sections of this housing policy when they determine a change necessary or appropriate to continue to advance its housing goals.