



**MODIFICATION TO THE DEVELOPMENT
PROGRAM
Project Area No. 1**

- AND -

**TAX INCREMENT FINANCING PLAN
Establishment of the Decker Dwellings Tax Increment Financing
District
(a housing district)**

Duluth Housing and Redevelopment Authority
City of Duluth, St. Louis County, Minnesota

Public Hearing: December 9, 2019



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Modification to the Development Program for Project Area No. 1

Foreword

The following text represents a Modification to the Development Program for Project Area No. 1. This modification represents a continuation of the goals and objectives set forth in the Development Program for Project Area No. 1. Generally, the substantive changes include the establishment of the Decker Dwellings Tax Increment Financing District.

For further information, a review of the Development Program for Project Area No. 1, is recommended. It is available from the Senior Housing Developer at the City of Duluth. Other relevant information is contained in the Tax Increment Financing Plans for the Tax Increment Financing Districts located within Project Area No. 1.

Tax Increment Financing Plan for the Decker Dwellings Tax Increment Financing District

Foreword

The Duluth Housing and Redevelopment Authority (the "HRA"), the City of Duluth (the "City"), staff and consultants have prepared the following information to expedite the establishment of the Decker Dwellings Tax Increment Financing District (the "District"), a housing tax increment financing district, located in Project Area No. 1.

Statutory Authority

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the HRA and City have certain statutory powers pursuant to *Minnesota Statutes ("M.S."), Sections 469.001 - 469.047*, inclusive, as amended, and *M.S., Sections 469.174 to 469.1794*, inclusive, as amended (the "Tax Increment Financing Act" or "TIF Act"), to assist in financing public costs related to this project.

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Development Program for Project Area No. 1.

Statement of Objectives

The District currently consists of three parcels of land and adjacent and internal rights-of-way. The District is being created to facilitate the development of 42-units of affordable housing in the City. The HRA intends to enter into an agreement with Decker Dwellings LLP. Development is anticipated to begin in 2020. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for Project Area No. 1.

The activities contemplated in the Modification to the Development Program and the TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of Project Area No. 1 and the District.

Development Program Overview

Pursuant to the Development Program and authorizing state statutes, the HRA or City is authorized to undertake the following activities in the District:

1. Property to be Acquired - Selected property located within the District may be acquired by the HRA or City and is further described in this TIF Plan.
2. Relocation - Relocation services, to the extent required by law, are available pursuant to *M.S., Chapter 117* and other relevant state and federal laws.
3. Upon approval of a developer's plan relating to the project and completion of the necessary legal requirements, the HRA or City may sell to a developer selected

properties that it may acquire within the District or may lease land or facilities to a developer.

4. The HRA or City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.

Description of Property in the District and Property to be Acquired

The District encompasses all property and adjacent rights-of-way and abutting roadways identified by the parcels listed below.

Parcel Number	Address	Owner
010-2710-05170	Unassigned	One Roof Comm. Housing
010-2710-05169	Unassigned	One Roof Comm. Housing
010-2710-05172	Unassigned	One Roof Comm. Housing

Please also see the map in Appendix A for further information on the location of the District.

The HRA or City may acquire any parcel within the District including interior and adjacent street rights of way. Any properties identified for acquisition will be acquired by the HRA or City only in order to accomplish one or more of the following: storm sewer improvements; provide land for needed public streets, utilities and facilities; carry out land acquisition, site improvements, clearance and/or development to accomplish the uses and objectives set forth in this plan. The HRA or City may acquire property by gift, dedication, condemnation or direct purchase from willing sellers in order to achieve the objectives of this TIF Plan. Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs.

Classification of the District

The HRA and City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1794*, as amended, inclusive, find that the District, to be established, is a housing district pursuant to *M.S., Section 469.174, Subd. 11 and M.S., Section 469.1761*.

- The District consists of three (3) parcels
- The development will consist of 42 units of multi-family rental housing
- At least 20% of the units will be occupied by person with incomes less than 50% of median income
- No more that 20 percent of the square footage of the building that is receiving assistance from tax increment consists of commercial, retail or other non-residential uses.

Pursuant to *M.S., Section 469.176, Subd. 7*, the District does not contain any parcel or part of a parcel that qualified under the provisions of *M.S., Sections 273.111, 273.112, or 273.114* or *Chapter 473H* for taxes payable in any of the five calendar years before the filing of the request for certification of the District.

Duration and First Year of Tax Increment of the District

Pursuant to *M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1*, the duration and first year of tax increment of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the District will be 25 years after receipt of the first increment by the HRA or City (a total of 26 years of tax increment). The HRA or City elects to receive the first tax increment in 2022, which is no later than four years following the year of approval of the District.

Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2047, or when the TIF Plan is satisfied. The HRA or City reserves the right to decertify the District prior to the legally required date.

Original Tax Capacity, Tax Rate and Estimated Captured Net Tax Capacity Value/Increment and Notification of Prior Planned Improvements

Pursuant to *M.S., Section 469.174, Subd. 7 and M.S., Section 469.177, Subd. 1*, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor in 2019 for taxes payable 2020.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2021) the amount by which the original value has increased or decreased as a result of:

1. Change in tax exempt status of property;
2. Reduction or enlargement of the geographic boundaries of the district;
3. Change due to adjustments, negotiated or court-ordered abatements;
4. Change in the use of the property and classification;
5. Change in state law governing class rates; or
6. Change in previously issued building permits.

In any year in which the current Net Tax Capacity (NTC) value of the District declines below the ONTC, no value will be captured and no tax increment will be payable to the HRA or City.

The original local tax rate for the District will be the local tax rate for taxes payable 2020, assuming the request for certification is made before June 30, 2020. The ONTC and the Original Local Tax Rate for the District appear in the table below.

Pursuant to *M.S., Section 469.174 Subd. 4 and M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within Project Area No. 1, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The HRA and City request 100 percent of the available increase in tax capacity for repayment of its obligations and current expenditures, beginning in the tax year payable 2022. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Tax Capacity	
Project estimated Tax Capacity upon completion	\$66,015
<u>Original estimated Net Tax Capacity</u>	<u>\$857</u>
Estimated Captured Tax Capacity	\$65,158
<u>Original Local Tax Rate</u>	<u>144.7740%</u> Pay 2019
Estimated Annual Tax Increment	\$94,331
Percent Retained by the City	100%

Note: Tax capacity includes a 3.00% inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 25. The tax capacity of the District in year one is estimated to be \$24,356.

Pursuant to *M.S., Section 469.177, Subd. 4*, the HRA shall, after a due and diligent search, accompany its request for certification to the County Auditor or its notice of the District enlargement pursuant to *M.S., Section 469.175, Subd. 4*, with a listing of all properties within the District or area of enlargement for which building permits have been issued during the eighteen (18) months immediately preceding approval of the TIF Plan by the municipality pursuant to *M.S., Section 469.175, Subd. 3*. The County Auditor shall increase the original net tax capacity of the District by the net tax capacity of improvements for which a building permit was issued.

The City is reviewing the area to be included in the District to determine if any building permits have been issued during the 18 months immediately preceding approval of the TIF Plan by the City.

Sources of Revenue/Bonds to be Issued

The total estimated tax increment revenues for the District are shown in the table below:

SOURCES	
Tax Increment	1,710,957
<u>Interest</u>	<u>171,096</u>
TOTAL	1,882,053

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The HRA or City reserves the right to incur bonds or other indebtedness as a result of the TIF Plan. As presently proposed, the projects within the District will be financed by pay-as-you-go notes and interfund loans. Any refunding amounts will be deemed a budgeted cost without a formal TIF Plan Modification. This provision does not obligate the HRA or City to incur debt. The HRA or City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The HRA or City may issue bonds (as defined in the TIF Act) secured in whole or in part with tax increments from the District in a maximum principal amount of \$1,211,705. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

Uses of Funds

Currently under consideration for the District is a proposal to facilitate the development of 42-units of affordable housing. The HRA and City have determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described.

The HRA has studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

USES	
Land/Building Acquisition	90,000
Site Improvements/Preparation	75,000
Affordable Housing Construction	800,000
Utilities	50,000
Other Qualifying Improvements	25,609
<u>Administrative Costs (up to 10%)</u>	<u>171,096</u>
PROJECT COSTS TOTAL	1,211,705
<u>Interest</u>	<u>670,348</u>
PROJECT AND INTEREST COSTS TOTAL	1,882,053

The total project cost, including financing costs (interest) listed in the table above does not exceed the total projected tax increments for the District as shown in the Sources of Revenue section.

Estimated costs associated with the District are subject to change among categories without a modification to this TIF Plan. The cost of all activities to be considered for tax increment financing will not exceed, without formal modification, the budget above pursuant to the applicable statutory requirements. The HRA may expend funds for qualified housing activities outside of the District boundaries.

Estimated Impact on Other Taxing Jurisdictions

The estimated impact on other taxing jurisdictions assumes that the redevelopment contemplated by the TIF Plan would occur without the creation of the District. However, the HRA or City has determined that such development or redevelopment would not occur "but for" tax increment financing and that, therefore, the fiscal impact on other taxing jurisdictions is \$0. The estimated fiscal impact of the District would be as follows if the "but for" test was not met:

Impact on Tax Base			
Entity	2018/Pay 2019 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) upon completion	Percent of CTC to Entity Total
St. Louis County	191,650,690	66,015	0.0344%
City of Duluth	74,108,442	66,015	0.0891%
ISD # 709	83,439,718	66,015	0.0791%

Impact on Tax Rates				
Entity	Pay 2019 Extension Rate	Percent of Total	CTC	Potential Taxes
St. Louis County	65.1630%	45.01%	66,015	43,017
City of Duluth	42.0940%	29.08%	66,015	27,788
ISD # 709	31.4890%	21.75%	66,015	20,787
Other	6.0280%	4.16%	66,015	3,979
Total	144.7740%	100.00%		95,573

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Pay 2019 rate. The total net capacity for the entities listed above are based on Pay 2019 figures. The District will be certified under the Pay 2020 rates, which were unavailable at the time this TIF Plan was prepared.

Pursuant to *M.S. Section 469.175 Subd. 2(b)*:

- (1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is \$1,710,957;
- (2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is expected. With any addition of new residents or businesses, police calls for service will be increased. The police department estimates 30 additional 911 calls annually due to the development. New developments add an increase in traffic, and additional overall demands to the call load. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The probable impact of the District on fire protection is not expected to be significant. Typically new buildings generate few calls, if any, and are of superior construction. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities. However, as new residential developments continue to be constructed, the City will likely require an additional housing inspector and service vehicle. This project does not necessitate new capital investment on its own but contributes to the future need.

The impact of the District on public infrastructure is expected to be minimal. The development is not expected to significantly impact any traffic movements in the area. The current infrastructure for sanitary sewer, storm sewer and water will be able to handle the additional volume generated from the proposed development. Based on the development plans, there are no additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks. The City of Duluth does not have SAC/WAC fees but does have a fee in lieu of assessment for both water and sewer. The project will pay this fee at a cost of \$90 per front foot, if they do not do additional public water and sanitary sewer extensions; the fee is estimated to be \$21,150 for each utility for a total of \$42,300. In addition, the wastewater / sanitary district charges a Capacity Availability Fee estimated to be \$41,000.

The probable impact of any District general obligation tax increment bonds on the ability to issue debt for general fund purposes is expected to be minimal. It is not anticipated that there will be any general obligation debt issued in relation to this project, therefore there will be no impact on the City's ability to issue future debt or on the City's debt limit.

- (3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is \$372,133;
- (4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is \$770,102;
- (5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S. Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

No requests for additional information from the county or school district regarding the proposed development for the District have been received.

Supporting Documentation

Pursuant to *M.S. Section 469.175, Subd. 1 (a), clause 7* the TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S. Section 469.175, Subd. 3, clause (b)(2)* and the findings are required in the resolution approving the District.

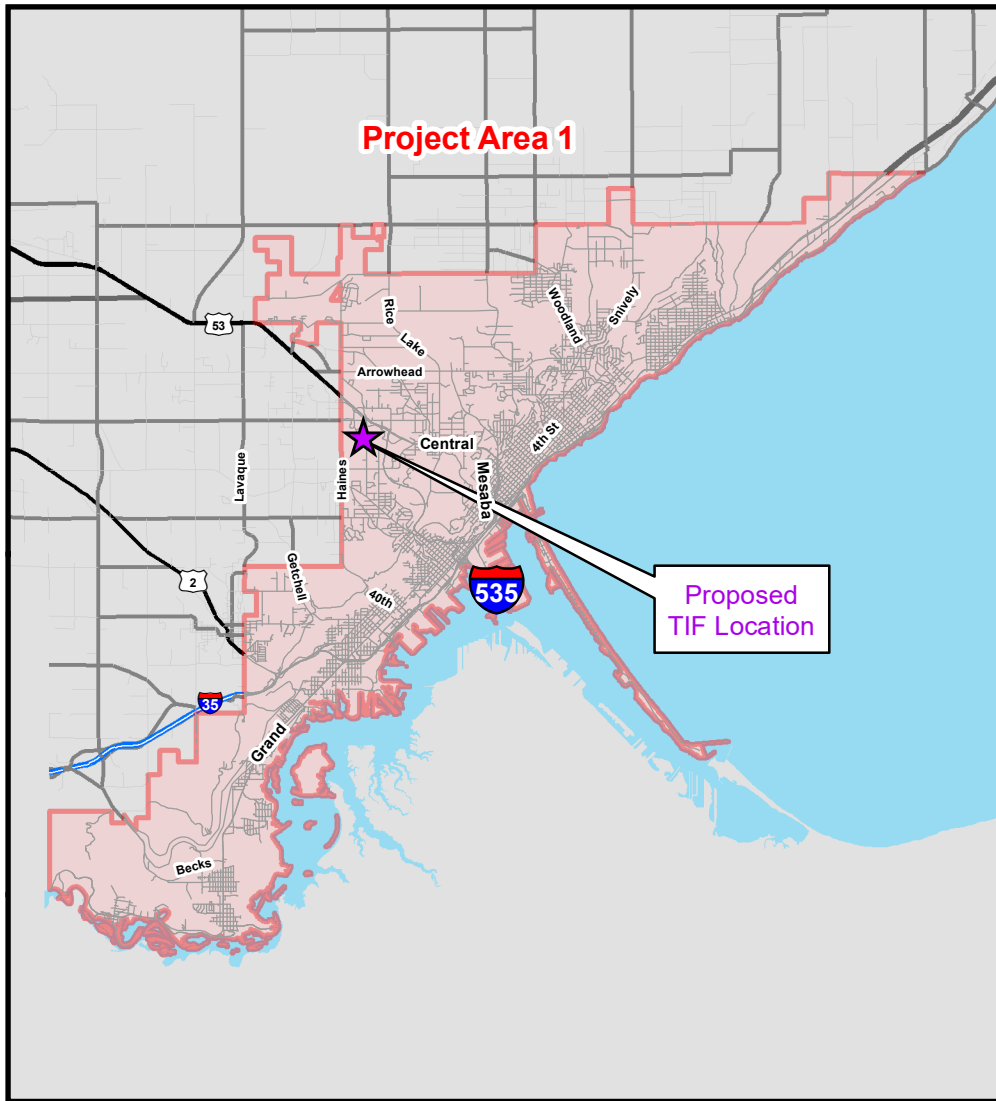
- (i) In making said determination, reliance has been placed upon (1) written representation made by the developer to such effects, (2) review of the developer's proforma; and (3) City staff awareness of the feasibility of developing the project site within the District, which is further outlined in the City Council resolution approving the establishment of the TIF District and Appendix C.



- (ii) A comparative analysis of estimated market value both with and without establishment of the TIF District and the use of tax increments has been performed. Such analysis is included with the cashflow in Appendix B and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the TIF District and the use of tax increments.

Administration of the District

Administration of the District will be handled by the Senior Housing Developer.

Appendix A: Map of Project Area No. 1 and the TIF District

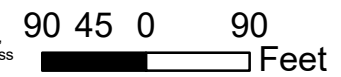


-  Proposed TIF District #33: Decker Dwellings
-  Parcel Boundary



The City of Duluth has tried to ensure that the information contained in this map or electronic document is accurate. The City of Duluth makes no warranty or guarantee concerning the accuracy or reliability. This drawing/data is neither a legally recorded map nor a survey and is not intended to be used as one. The drawing/data is a compilation of records, information and data located in various City, County and State offices and other sources affecting the area shown and is to be used for reference purposes only. The City of Duluth shall not be liable for errors contained within this data provided or for any damages in connection with the use of this information contained within.

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Proposed TIF District #33: Decker Dwellings

Appendix B: Estimated Cash Flow for the District



Decker Dwellings Development
 City of Duluth, MN
 42-Unit Affordable Apartment

ASSUMPTIONS AND RATES

DistrictType:	Housing	Tax Rates
District Name/Number:		
County District #:		
First Year Construction or Inflation on Value	2020	Exempt Class Rate (Exempt) 0.00%
Existing District - Specify No. Years Remaining		Commercial Industrial Preferred Class Rate (C/I Pref.)
Inflation Rate - Every Year:	3.00%	First \$150,000 1.50%
Interest Rate:	4.00%	Over \$150,000 2.00%
Present Value Date:	1-Aug-21	Commercial Industrial Class Rate (C/I) 2.00%
First Period Ending	1-Feb-22	Rental Housing Class Rate (Rental) 1.25%
Tax Year District was Certified:	Pay 2020	Affordable Rental Housing Class Rate (Aff. Rental)
Cashflow Assumes First Tax Increment For Development:	2022	First \$150,000 0.75%
Years of Tax Increment	26	Over \$150,000 0.25%
Assumes Last Year of Tax Increment	2047	Non-Homestead Residential (Non-H Res. 1 Unit)
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	NA	First \$500,000 1.00%
Incremental or Total Fiscal Disparities	NA	Over \$500,000 1.25%
Fiscal Disparities Contribution Ratio	NA Pay 2019	Homestead Residential Class Rate (Hmstd. Res.)
Fiscal Disparities Metro-Wide Tax Rate	NA Pay 2019	First \$500,000 1.00%
Maximum/Frozen Local Tax Rate:	144.774% Pay 2019	Over \$500,000 1.25%
Current Local Tax Rate: (Use lesser of Current or Max.)	144.774% Pay 2019	Agricultural Non-Homestead 1.00%
State-wide Tax Rate (Comm./Ind. only used for total taxes)	42.4160% Pay 2019	
Market Value Tax Rate (Used for total taxes)	0.19418% Pay 2019	

BASE VALUE INFORMATION (Original Tax Capacity)

Map ID	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/Phase
010-2710-05170		One Roof Comm. Housing	Unassigned	106,500	0	106,500	100%	106,500	Pay 2020	C/I Pref.	1,598	Aff. Rental	799	1
010-2710-05169		One Roof Comm. Housing	Unassigned	100	0	100	100%	100	Pay 2020	C/I Pref.	2	Aff. Rental	1	
010-2710-05172		One Roof Comm. Housing	Unassigned	7,700	0	7,700	100%	7,700	Pay 2020	Non-H Res. 1 Unit	77	Aff. Rental	58	
				114,300	0	114,300		114,300			1,676		857	

Note:

1. Base values are for pay 2020 based upon review of County website on 10-15-19.
2. Located in ISD # 709



Decker Dwellings Development
 City of Duluth, MN
 42-Unit Affordable Apartment

PROJECT INFORMATION (Project Tax Capacity)														
Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2020	Percentage Completed 2021	Percentage Completed 2022	Percentage Completed 2023	First Year Full Taxes Payable	
1	Apartments	103,095	103,095	42	4,330,000	Aff. Rental	32,475	773	75%	100%	100%	100%	2023	
TOTAL					4,330,000		32,475							
Subtotal Residential				42	4,330,000		32,475							
Subtotal Commercial/Ind.				0	0		0							

Note:

1. Market values are based upon estimates from the County Assessor on 9-23-2019.

TAX CALCULATIONS									
New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Apartments	32,475	0	32,475	47,015	0	0	8,408	55,423	1,319.60
TOTAL	32,475	0	32,475	47,015	0	0	8,408	55,423	

Note:

1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	55,423
less State-wide Taxes	0
less Fiscal Disp. Adj.	0
less Market Value Taxes	(8,408)
less Base Value Taxes	(1,241)
Annual Gross TIF	45,774

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	114,300
New Market Value - Est.	4,330,000
Difference	4,215,700
Present Value of Tax Increment	969,617
Difference	3,246,083
Value likely to occur without Tax Increment is less than:	3,246,083



**Decker Dwellings Development
City of Duluth, MN
42-Unit Affordable Apartment**

TAX INCREMENT CASH FLOW														
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities NA	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
100%	24,356	(857)	-	23,499	144.774%	34,020	17,010	(61)	(1,695)	15,254	14,662	0.5	2022	02/01/22
100%	32,475	(857)	-	31,618	144.774%	45,774	17,010	(61)	(1,695)	15,254	29,036	1	2022	02/01/23
100%	33,449	(857)	-	32,592	144.774%	47,185	22,887	(82)	(2,280)	20,524	47,997	1.5	2023	08/01/23
100%	34,453	(857)	-	33,595	144.774%	48,638	22,887	(82)	(2,280)	20,524	66,587	2	2023	02/01/24
100%	35,486	(857)	-	34,629	144.774%	50,134	23,592	(85)	(2,351)	21,157	85,373	2.5	2024	08/01/24
100%	36,551	(857)	-	35,694	144.774%	51,675	23,592	(85)	(2,351)	21,157	103,791	3	2024	02/01/25
100%	37,647	(857)	-	36,790	144.774%	53,263	24,319	(88)	(2,423)	21,808	122,404	3.5	2025	08/01/25
100%	38,777	(857)	-	37,920	144.774%	54,898	24,319	(88)	(2,423)	21,808	140,652	4	2025	02/01/26
100%	39,940	(857)	-	39,083	144.774%	56,582	25,067	(90)	(2,498)	22,479	159,093	4.5	2026	08/01/26
100%	41,138	(857)	-	40,281	144.774%	58,317	25,067	(90)	(2,498)	22,479	177,172	5	2026	02/01/27
100%	42,373	(857)	-	41,515	144.774%	60,103	25,838	(93)	(2,574)	23,170	195,442	5.5	2027	08/01/27
100%	43,644	(857)	-	42,786	144.774%	61,944	25,838	(93)	(2,574)	23,170	213,353	6	2027	02/01/28
100%	44,953	(857)	-	44,096	144.774%	63,839	26,631	(96)	(2,654)	23,882	231,452	6.5	2028	08/01/28
100%	46,302	(857)	-	45,444	144.774%	65,792	26,631	(96)	(2,654)	23,882	249,197	7	2028	02/01/29
100%	47,691	(857)	-	46,833	144.774%	67,803	27,449	(99)	(2,735)	24,615	267,128	7.5	2029	08/01/29
100%	49,121	(857)	-	48,264	144.774%	69,874	27,449	(99)	(2,735)	24,615	284,707	8	2029	02/01/30
100%	50,595	(857)	-	49,738	144.774%	72,007	28,291	(102)	(2,819)	25,370	302,470	8.5	2030	08/01/30
100%	52,113	(857)	-	51,256	144.774%	74,205	28,291	(102)	(2,819)	25,370	319,885	9	2030	02/01/31
100%	53,676	(857)	-	52,819	144.774%	76,468	29,158	(105)	(2,905)	26,148	337,482	9.5	2031	08/01/31
100%	55,287	(857)	-	54,429	144.774%	78,799	29,158	(105)	(2,905)	26,148	354,733	10	2031	02/01/32
100%	56,945	(857)	-	56,088	144.774%	81,201	30,052	(108)	(2,994)	26,949	372,165	10.5	2032	08/01/32
100%	58,653	(857)	-	57,796	144.774%	83,674	30,052	(108)	(2,994)	26,949	389,255	11	2032	02/01/33
100%	60,413	(857)	-	59,556	144.774%	86,221	30,972	(111)	(3,086)	27,774	406,523	11.5	2033	08/01/33
100%	62,225	(857)	-	61,368	144.774%	88,845	30,972	(111)	(3,086)	27,774	423,452	12	2033	02/01/34
100%	64,092	(857)	-	63,235	144.774%	91,548	31,920	(115)	(3,180)	28,624	440,558	12.5	2034	08/01/34
100%	66,015	(857)	-	65,158	144.774%	94,331	31,920	(115)	(3,180)	28,624	457,327	13	2034	02/01/35
100%							32,896	(118)	(3,278)	29,500	474,271	13.5	2035	08/01/35
100%							32,896	(118)	(3,278)	29,500	490,883	14	2035	02/01/36
100%							33,901	(122)	(3,378)	30,401	507,667	14.5	2036	08/01/36
100%							33,901	(122)	(3,378)	30,401	524,121	15	2036	02/01/37
100%							34,937	(126)	(3,481)	31,330	540,746	15.5	2037	08/01/37
100%							34,937	(126)	(3,481)	31,330	557,045	16	2037	02/01/38
100%							36,004	(130)	(3,587)	32,287	573,512	16.5	2038	08/01/38
100%							36,004	(130)	(3,587)	32,287	589,656	17	2038	02/01/39
100%							37,102	(134)	(3,697)	33,272	605,967	17.5	2039	08/01/39
100%							37,102	(134)	(3,697)	33,272	621,958	18	2039	02/01/40
100%							38,234	(138)	(3,810)	34,287	638,113	18.5	2040	08/01/40
100%							38,234	(138)	(3,810)	34,287	653,952	19	2040	02/01/41
100%							39,400	(142)	(3,926)	35,332	669,953	19.5	2041	08/01/41
100%							39,400	(142)	(3,926)	35,332	685,641	20	2041	02/01/42
100%							40,600	(146)	(4,045)	36,409	701,490	20.5	2042	08/01/42
100%							40,600	(146)	(4,045)	36,409	717,028	21	2042	02/01/43
100%							41,837	(151)	(4,169)	37,518	732,726	21.5	2043	08/01/43
100%							41,837	(151)	(4,169)	37,518	748,115	22	2043	02/01/44
100%							43,111	(155)	(4,296)	38,660	763,662	22.5	2044	08/01/44
100%							43,111	(155)	(4,296)	38,660	778,905	23	2044	02/01/45
100%							44,423	(160)	(4,426)	39,836	794,303	23.5	2045	08/01/45
100%							44,423	(160)	(4,426)	39,836	809,399	24	2045	02/01/46
100%							45,774	(165)	(4,561)	41,048	824,650	24.5	2046	08/01/46
100%							45,774	(165)	(4,561)	41,048	839,601	25	2046	02/01/47
100%							47,166	(170)	(4,700)	42,296	854,706	25.5	2047	08/01/47
100%							47,166	(170)	(4,700)	42,296	869,513	26	2047	02/01/48
Total							1,717,139	(6,182)	(171,096)	1,539,861				
Present Value From 08/01/2021				Present Value Rate	4.00%	969,617	(3,491)	(96,613)	869,513					

Appendix C: Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for the Decker Dwellings Tax Increment Financing District, as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. *Finding that the Decker Dwellings Tax Increment Financing District is a housing district as defined in M.S., Section 469.174, Subd. 11.*

Decker Dwellings Tax Increment Financing District consists of three parcels. The development will consist of 42-units of affordable housing, all or a portion of which will receive tax increment assistance and will meet income restrictions described in M.S. 469.1761. At least 20 percent of the units receiving assistance will have incomes at or below 50 percent of area median income.

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future.*

The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future: This finding is supported by the fact that the development proposed in this plan is a housing district that meets the City's objectives for development and redevelopment. The cost of land acquisition and construction are the same for workforce housing units as they are for market rate projects. The decreased rental income from the affordable units, means there is less cash flow available to service the operating and debt expenses for the project. The leaves a gap in funding for the project. The need to offset this reduction in rents for the workforce housing units makes this housing development feasible only through assistance, in part, from tax increment financing. The developer was asked for and provided a letter and a pro forma as justification that the project would not have gone forward without tax increment assistance.

The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan: This finding is justified on the grounds that the costs of acquisition, building demolition, site improvements, utility improvements and construction of affordable housing add to the total development cost. Historically, the costs of site and public improvements, as well as high market rate rents in the City have made development of affordable housing infeasible without tax increment assistance. Although other projects could potentially be proposed, the City reasonably determines that no other redevelopment of similar scope providing the desired affordability can be anticipated on this site without substantially similar assistance being provided to the development.

3. *Finding that the TIF Plan for the Decker Dwellings Tax Increment Financing District conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The Planning Commission reviewed the TIF Plan on November 19, 2019 and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the TIF Plan for the Decker Dwellings Tax Increment Financing District will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Project Area No. 1 by private enterprise.*

Through the implementation of the TIF Plan, the City will provide an impetus for residential development, which is desirable or necessary for increased population and an increased need for life-cycle housing within the City.