



**Planning & Development Division**  
*Planning & Economic Development Department*

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## MEMORANDUM

**TO:** Planning Commission

**FROM:** Kyle Deming, Senior Planner

**DATE:** May 7, 2024

**SUBJECT:** Review of TIF Plan for Establishment of TIF District No. 37 for Incline Plaza Phase 1 for conformance with the Comprehensive Plan

In order to facilitate construction of 120 condominium units and a 220-unit multi-family rental building at Central Entrance and H Courtney Dr. in Incline Plaza Phase 1 (the “Project”), the City is proposing the creation of a new Tax Increment Financing (TIF) District No. 37 (a Redevelopment District). The role of the Planning Commission is to review the proposed development for consistency with the Comprehensive Plan and Unified Development Chapter (UDC). Tax Increment Financing (TIF) is a financing tool that uses the increase in property taxes generated from site improvements to pay for a portion of those improvements.

The Project will involve the construction of 120 condominium units and 220 multi-family rental units, vehicle parking, private streets, sidewalks, storm water treatment facilities, water, sanitary sewer, and gas utilities, and related site grading and bedrock removal. The project includes construction of a public trailhead serving the Duluth Traverse and new and existing trails as well as an outdoor pavilion for public gatherings and picnics. The project will also include a public or private connection to Lake Avenue for pedestrians at a minimum, but may also include conveyance of bicycles and vehicles.

The future land-use designation of the development site is Business Park (BP). According to the Imagine Duluth 2035 Comprehensive Plan, BP areas are primarily office and light industrial areas developed in a unified manner, with standards for site design and circulation patterns, signage, landscaping and building design. The property is zoned MU-P which provides a flexible development option for mixed-use projects that integrate creative site design, provide a variety of building types, provide unique on-site amenities, conserve natural features, and increase pedestrian connectivity. The Project is consistent with the Incline Plaza MU-P Regulating Plan. The proposed development meets the intent of the comprehensive plan’s future land use because it will be developed in a unified manner using a MU-P Regulating Plan that has building and site design standards emphasizing pedestrian access to buildings from streets via attractive

sidewalks, screening of all mechanicals, indoor storage of trash, fully-downcast exterior lighting, common open spaces that embrace vistas of the lake and harbor, and public amenities spaces.

This project implements the following Comprehensive Plan principles:

*Principle #1 Reuse previously developed lands.* Reuse of previously developed lands directs new investment to sites which have the potential to perform at a higher level than their current state. This strengthens neighborhoods and is preferred to a dispersed development pattern with associated alteration of natural landscapes and extensions of public services. Site preparation or building modification costs are offset by savings in existing public infrastructure such as streets and utilities, and transit, fire, and police services.

*Principle #6 Reinforce the place-specific.* Public and private actions should reinforce cultural, physical, and economic features which have traditionally defined Duluth, its open space, and its neighborhoods. This includes commercial areas providing neighborhood goods and services, ravine parks and other natural features that define neighborhood edges, and view corridors to the lake or river which serve to provide location and context.

*Principle #8 Encourage a mix of activities, uses, and densities.* Cities have evolved as a mix of land uses, building types, housing types, and activities. Accommodating choice while protecting investment is a balance to strike in land use regulation. Mixed uses provide opportunities for a diversity of activity that segregated, uniform uses do not provide.

*Principle #9 Support private actions that contribute to the public realm.* Private building construction and site design influence activity in adjacent public areas. Building form, height, setbacks, and detailing affect the adjacent areas. The uses and activities contained in the buildings directly impact the surroundings. Public areas should benefit from adjacent private investment.

City staff believe that the proposed development conforms to and implements the Comprehensive Plan principles. City staff ask that the Planning Commission review this item, and following discussion, make a finding that it conforms to the Imagine Duluth 2035 Comprehensive Plan.

**PLANNING COMMISSION  
CITY OF DULUTH, MINNESOTA**

**RESOLUTION NO. 24-058**

**RESOLUTION OF THE CITY OF DULUTH PLANNING COMMISSION FINDING THAT MODIFICATION TO THE DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO. 17 AND A TAX INCREMENT FINANCING PLAN FOR ESTABLISHMENT OF TAX INCREMENT FINANCING DISTRICT NO. 37 – INCLINE PLAZA PHASE 1 (A REDEVELOPMENT DISTRICT) CONFORM TO THE GENERAL PLAN FOR THE DEVELOPMENT AND REDEVELOPMENT OF THE CITY.**

WHEREAS, the Duluth Economic Development Authority and the City of Duluth (the "City") have proposed to adopt a Modification to the Development Program for Development District No. 17 (the "Development Program Modification") and a Tax Increment Financing Plan (the "TIF Plan") for Establishment of TIF District No. 37 – Incline Plaza Phase 1 (the Development Program Modification and the TIF Plan are referred to collectively herein as the "Program and Plan") and have submitted the Program and Plan to the City Planning Commission (the "Commission") pursuant to Minnesota Statutes, Section 469.175, Subd.3, and

WHEREAS, the Commission held a public hearing on the Program and Plan on \_\_\_\_\_, 2024, pursuant to Minnesota Statutes, Section 469.175, Subd.3; and

WHEREAS, the Commission has reviewed the Program and the Plan to determine their conformity with Imagine Duluth 2035, which is the general plan for the development and redevelopment of the City, and finds the Program and the Plan particularly aligned with Imagine Duluth 2035 Governing Principles #1 (Reuse of previously developed lands), #6 (Reinforce the place-specific), #8 (Encourage a mix of activities, uses, and densities) and #9 (Support private actions that contribute to the public realm), and

WHEREAS, the future land use designation of the development site is Business Park (BP), which is appropriate for the proposed development, and

WHEREAS, the development site is currently zoned Mixed Use-Planned (MU-P), which is appropriate for the proposed development.

NOW, THEREFORE, BE IT RESOLVED by the Commission that the Program and the Plan conforms to the general plans for the development and redevelopment of the City as a whole.

Dated: \_\_\_\_\_, 2024

\_\_\_\_\_ Chair

ATTEST:

\_\_\_\_\_

\_\_\_\_\_  
Secretary





PL 24-058

Incline Plaza Phase 1

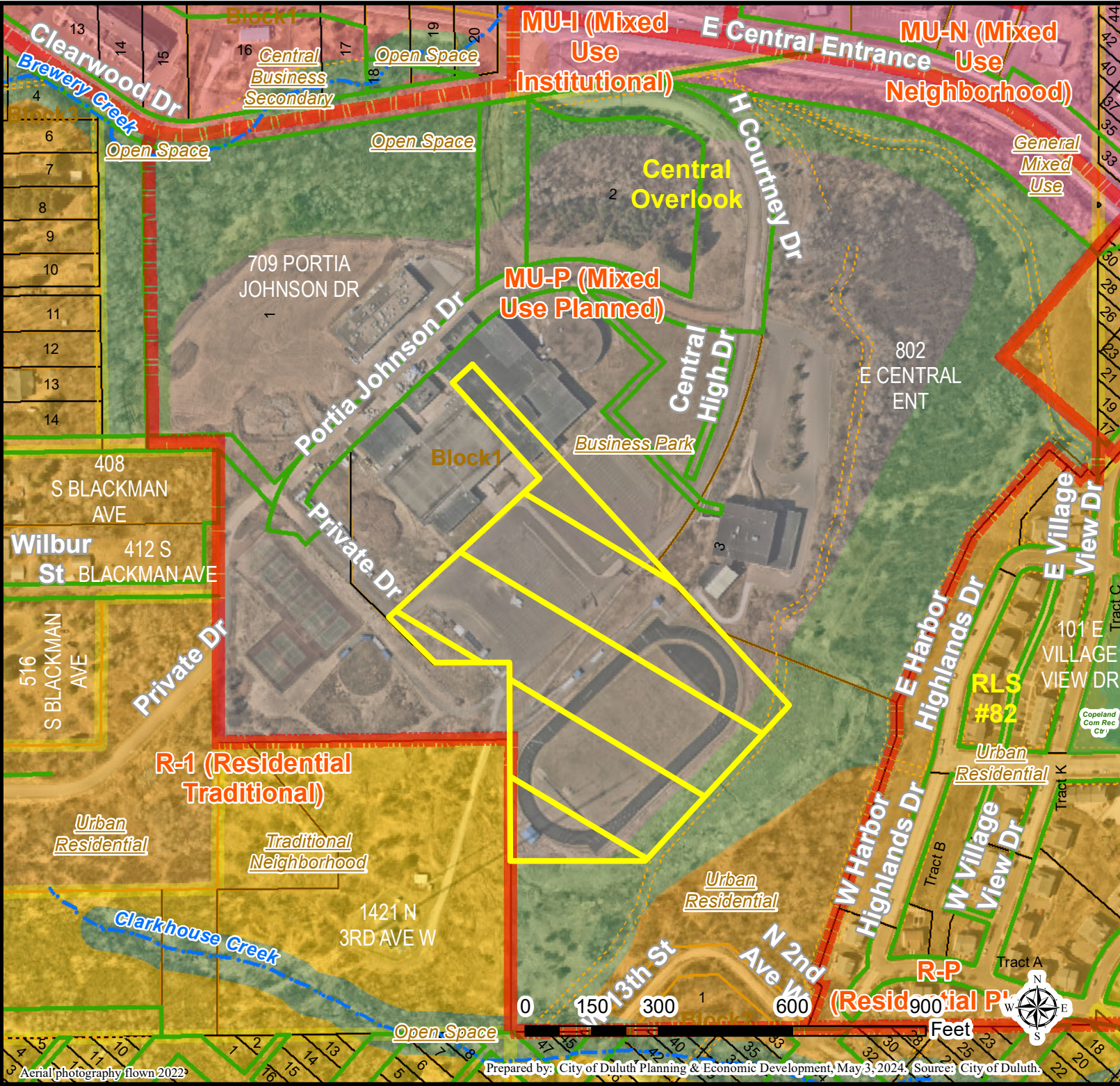
Establishment of TIF District No. 37  
Comprehensive Plan Conformance

### Future Land Use Map

**Legend**

- Zoning Boundaries
- Streams**
  - Other Stream (GPS)
- Future Land Use**
  - Open Space
  - Traditional Neighborhood
  - Urban Residential
  - Central Business Secondary
  - General Mixed Use
  - Business Park
- Parcels**
  - Lots
  - Blocks
- Park Lands**
  - Recreation
- Boundary Lines**
  - Lot Line
  - Parcel Line
  - ROW (Road)
  - ROW (Not Road)
  - Subdivision Boundaries

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.



Aerial photography flown 2022

Prepared by: City of Duluth Planning & Economic Development, May 3, 2024. Source: City of Duluth.

**DRAFT**

Adoption Date: TBD

# **Duluth Economic Development Authority**

**City of Duluth, St. Louis County,  
Minnesota**

## **MODIFICATION TO THE DEVELOPMENT PROGRAM**

Development District No. 17

**&**

## **Tax Increment Financing (TIF) Plan**

Establishment of Tax Increment Financing District No. 37 -  
Incline Plaza Phase 1  
(a redevelopment district)



Prepared by:

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**BUILDING COMMUNITIES. IT'S WHAT WE DO.**

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# **Modification to the Development Program for Development District No. 17**

## **FOREWORD**

The following text represents a Modification to the Development Program for Development District No. 17. This modification represents a continuation of the goals and objectives set forth in the Development Program for Development District No. 17. Generally, the substantive changes include the establishment of Tax Increment Financing District No. 37 - Incline Plaza Phase 1.

For further information, a review of the Development Program for Development District No. 17, is recommended. It is available from the Executive Director at the City of Duluth. Other relevant information is contained in the tax increment financing plans for the tax increment financing districts located within Development District No. 17.

# Tax Increment Financing Plan for Tax Increment Financing District No. 37 - Incline Plaza Phase 1

## FOREWORD

The Duluth Economic Development Authority ("DEDA"), the City of Duluth (the "City"), staff and consultants have prepared the following information to expedite the Establishment of Tax Increment Financing District No. 37 - Incline Plaza Phase 1 (the "District"), a redevelopment tax increment financing district, located in Development District No. 17.

## STATUTORY AUTHORITY

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, DEDA and the City have certain statutory powers pursuant to *Minnesota Statutes ("M.S.")*, Sections 469.090 - 469.1082, inclusive, as amended, and *M.S.*, Sections 469.174 to 469.1794, inclusive, as amended (the "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 Development District No. 17.

## STATEMENT OF OBJECTIVES

The District currently consists of one (1) parcel of land and adjacent roads and internal rights-of-way. The District is being created to facilitate development of 120 condominium units and a 220-unit multifamily rental building in the City. DEDA intends to enter into an agreement with STC Building, LLC; Chester Creek View LLC; and Incline Plaza Development, LLC. Development is anticipated to begin in 2024. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for Development District No. 17.

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 Development District No. 17 and the District.



# DEVELOPMENT PROGRAM OVERVIEW

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

1. Property to be Acquired – Although not anticipated at this time, selected property located within the District may be acquired by DEDA or the 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, DEDA or the 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. DEDA or the 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 will encompass a portion of the property and adjacent roads rights-of-way and abutting roadways identified by the parcel listed below.

Parcel number	Address	Owner
010-0435-000030	802 E. Central Ent.	STC Building LLC

The larger parcel will be re-platted, and a portion will be used for the District. Please also see the map in Appendix A for further information on the location of the District.

DEDA or the 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 DEDA or the 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 EDA 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.

DEDA or the City does not own the parcel of the property to be included in the District.

## **DISTRICT CLASSIFICATION**

DEDA and the 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 redevelopment district pursuant to *M.S., Section 469.174, Subd. 10(a)(1)*.

- The District is a redevelopment district consisting of one (1) parcel.
- An inventory shows that parcels consisting of more than 70% of the area in the District are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures.
- An inspection of the buildings located within the District finds that more than 50% of the buildings are structurally substandard as defined in the TIF Act. (See Appendix D).

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 & FIRST YEAR OF DISTRICT'S TAX INCREMENT**

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 DEDA or the City (a total of 26 years of tax increment). DEDA or the City elects to receive the first tax increment in 2026, 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 2051, or when the TIF Plan is satisfied. DEDA or the City reserves the right to decertify the District prior to the legally required date.

# ORIGINAL TAX CAPACITY, TAX RATE & ESTIMATED CAPTURED NET TAX CAPACITY VALUE/INCREMENT & 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 2023 for taxes payable 2024.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2026) 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 DEDA or the City.

The original local tax rate for the District will be the local tax rate for taxes payable 2024, assuming the request for certification is made before June 30, 2024. The final rates for 2024 were not available at the time the District was established. 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 Development District No. 17, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. DEDA and the City request 100% of the available increase in tax capacity be used for repayment of the obligations of DEDA or the City and current expenditures, beginning in the tax year payable 2026. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Tax Capacity		
Development estimated Tax Capacity upon completion	3,093,119	
Original estimated Net Tax Capacity	9,208	
Fiscal Disparities	<u>0</u>	
Estimated Captured Tax Capacity	<b>3,083,911</b>	
Original Local Tax Rate	<u>123.9820%</u>	Prelim. Pay 2024
Estimated Annual Tax Increment	<b>\$3,823,494</b>	
Percent Retained by the City	100%	

Note: Tax capacity includes a 2% 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 \$181,250.

Pursuant to *M.S., Section 469.177, Subd. 4*, DEDA 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	\$ 74,347,957
Interest	<u>7,434,796</u>
<b>TOTAL</b>	<b>\$ 81,782,753</b>

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. DEDA or the City reserves the right to issue bonds (as defined in the TIF Act) or incur 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 modification to this TIF

Plan. This provision does not obligate DEDA or the City to incur debt. DEDA or the City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

DEDA or the City may issue bonds secured in whole or in part with tax increments from the District in a maximum principal amount of \$40,717,878. 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 development of 120 condominium units and a 220-unit multifamily rental building in the City. DEDA and the City have determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described herein.

DEDA 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.

<b>USES</b>	
Land/Building Acquisition	\$ -
Site Improvements/Preparation	10,000,000
Utilities	5,000,000
Other Qualifying Improvements	18,283,082
Administrative Costs (up to 10%)	7,434,796
<b>PROJECT COSTS TOTAL</b>	<b>\$ 40,717,878</b>
Interest	41,064,875
<b>PROJECT AND INTEREST COSTS TOTAL</b>	<b>\$ 81,782,753</b>

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 the 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. Pursuant to *M.S., Section 469.1763, Subd. 2*, no more than 25% of the tax increment paid by property within the District will be spent on activities related to development or redevelopment outside of the District but within the boundaries of Development District No. 17, (including administrative costs, which are considered to be spent outside of the District) subject to the limitations as described in the TIF Plan.

**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, DEDA or the 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	Preliminary 2023/Pay 2024 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) upon completion	Percent of CTC to Entity Total
St. Louis County	249,820,603	3,083,911	<b>1.2345%</b>
City of Duluth	101,021,500	3,083,911	<b>3.0527%</b>
ISD 709 (Duluth)	112,874,293	3,083,911	<b>2.7322%</b>

Impact on Tax Rates				
Entity	Preliminary Pay 2024 Extension Rate	Percent of Total	CTC	Potential Taxes
St. Louis County	56.5060%	45.58%	3,083,911	<b>\$ 1,742,594</b>
City of Duluth	38.2750%	30.87%	3,083,911	<b>1,180,367</b>
ISD 709 (Duluth)	23.3620%	18.84%	3,083,911	<b>720,463</b>
Other	5.8390%	4.71%	3,083,911	<b>180,070</b>
	<b>123.9820%</b>	<b>100.00%</b>		<b>\$ 3,823,494</b>

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Preliminary Pay 2024 rate. The total net capacity for the entities listed above are based on Preliminary Pay 2024 figures. The District will be certified under the Final Pay 2024 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 \$74,347,957;
- (2) Probable impact of the District on city provided services and ability to issue debt.

TO BE ADDED PRIOR TO PUBLIC HEARING

- (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 \$14,009,429;
- (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 \$33,884,803;
- (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* this 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; and (2) 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 District and Appendix C.

- (ii) A comparative analysis of estimated market value both with and without establishment of the 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 District and the use of tax increments.

## **DISTRICT ADMINISTRATION**

Administration of the District will be handled by the Executive Director.

**Appendix A: Map of Development District No. 17 and the TIF District**







# Appendix B: Estimated Cash Flow for the District

## TIF District No. 37 Incline Plaza Phase 1 - 2% Inflation

City of Duluth, MN

120 Condo Units and 220 rental units



### ASSUMPTIONS AND RATES

<b>District Type:</b>	<b>Redevelopment</b>	<b>Tax Rates</b>
<b>District Name/Number:</b>		
<b>County District #:</b>		
<b>First Year Construction or Inflation on Value</b>	<b>2024</b>	Exempt Class Rate (Exempt) 0.00%
<b>Existing District - Specify No. Years Remaining</b>		Commercial Industrial Preferred Class Rate (C/I Pref.)
<b>Inflation Rate - Every Year:</b>	<b>2.00%</b>	First \$150,000 1.50%
<b>Interest Rate:</b>	<b>7.00%</b>	Over \$150,000 2.00%
<b>Present Value Date:</b>	<b>1-Aug-25</b>	Commercial Industrial Class Rate (C/I) 2.00%
<b>First Period Ending</b>	<b>1-Feb-26</b>	Rental Housing Class Rate (Rental) 1.25%
<b>Tax Year District was Certified:</b>	<b>Pay 2024</b>	Affordable Rental Housing Class Rate (Aff. Rental)
<b>Cashflow Assumes First Tax Increment For Development:</b>	<b>2026</b>	First \$100,000 0.25%
<b>Years of Tax Increment</b>	<b>26</b>	Over \$100,000 0.25%
<b>Assumes Last Year of Tax Increment</b>	<b>2051</b>	Non-Homestead Residential (Non-H Res. 1 Unit)
<b>Fiscal Disparities Election [Outside (A), Inside (B), or NA]</b>	<b>NA</b>	First \$500,000 1.00%
<b>Incremental or Total Fiscal Disparities</b>	<b>NA</b>	Over \$500,000 1.25%
<b>Fiscal Disparities Contribution Ratio</b>	<b>NA</b>	Homestead Residential Class Rate (Hmstd. Res.)
<b>Fiscal Disparities Metro-Wide Tax Rate</b>	<b>NA</b>	First \$500,000 1.00%
<b>Maximum/Frozen Local Tax Rate:</b>	<b>123.982%</b>	Over \$500,000 1.25%
<b>Current Local Tax Rate: (Use lesser of Current or Max.)</b>	<b>123.982%</b>	Agricultural Non-Homestead 1.00%
<b>State-wide Tax Rate (Comm./Ind. only used for total taxes)</b>	<b>30.0000%</b>	
<b>Market Value Tax Rate (Used for total taxes)</b>	<b>0.14831%</b>	

### 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
	010-0435-000030	STC Building LLC	802 E. Central Ent.	149,900	7,771,200	7,921,100	10%	277,239	Pay 2024	C/I Pref.	4,795	Hmstd. Res.	2,772	1
	010-0435-000030	STC Building LLC	802 E. Central Ent.	149,900	7,771,200	7,921,100	10%	514,872	Pay 2024	C/I Pref.	9,547	Rental	6,436	
				<b>299,800</b>	<b>15,542,400</b>	<b>15,842,200</b>		<b>792,110</b>			<b>14,342</b>		<b>9,208</b>	

Note:

1. Base values are for pay 2024 and assumes 10% of total value is allocated to the TIF district
2. Located in SD #709

TIF District No. 37 Incline Plaza Phase 1 - 2% Inflation

City of Duluth, MN  
120 Condo Units and 220 rental units



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 2024	Percentage Completed 2025	Percentage Completed 2026	Percentage Completed 2027	First Year Full Taxes Payable
1	Condominiums	1,066,667	1,066,667	60	64,000,000	Hmstd. Res.	725,000	12,083	25%	75%	100%	100%	2028
1	Condominiums	1,066,667	1,066,667	60	64,000,000	Hmstd. Res.	725,000	12,083	0%	25%	75%	100%	2029
1	Apartments	195,000	195,000	220	42,900,000	Rental	536,250	2,438	0%	25%	75%	100%	2029
<b>TOTAL</b>					<b>170,900,000</b>		<b>1,986,250</b>						
Subtotal Residential				340	170,900,000		1,986,250						
Subtotal Commercial/Ind.				0	0		0						

Note:  
1. Market values for rental housing are based upon past discussions with County Assessor and using Endi as a comparable.  
Market Values for condominiums are based on assumed average resale prices as provided by the developer.

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
Condominiums	725,000	0	725,000	898,870	0	0	94,918	993,788	16,563.13
Condominiums	725,000	0	725,000	898,870	0	0	94,918	993,788	16,563.13
Apartments	536,250	0	536,250	664,853	0	0	63,625	728,478	3,311.27
<b>TOTAL</b>	<b>1,986,250</b>	<b>0</b>	<b>1,986,250</b>	<b>2,462,592</b>	<b>0</b>	<b>0</b>	<b>253,462</b>	<b>2,716,054</b>	

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	2,716,054
less State-wide Taxes	0
less Fiscal Disp. Adj.	0
less Market Value Taxes	(253,462)
less Base Value Taxes	(11,417)
<b>Annual Gross TIF</b>	<b>2,451,176</b>

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	792,110
New Market Value - Est.	170,900,000
Difference	170,107,890
Present Value of Tax Increment	28,824,085
Difference	141,283,805
Value likely to occur without Tax Increment is less than:	141,283,805



TIF District No. 37 Incline Plaza Phase 1 - 2% Inflation

City of Duluth, MN

120 Condo Units and 220 rental units

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%	181,250	(9,208)	-	172,042	123.982%	213,301	106,650	(384)	(10,627)	95,640	89,281	0.5	2026	02/01/26
100%	859,063	(9,208)	-	849,854	123.982%	1,053,666	526,833	(1,897)	(52,494)	472,443	587,249	1.5	2027	08/01/27
100%	1,670,938	(9,208)	-	1,661,729	123.982%	2,060,245	1,030,123	(3,708)	(102,641)	923,773	1,736,523	2.5	2028	02/01/28
100%	2,000,750	(9,208)	-	1,991,542	123.982%	2,469,153	1,234,577	(4,444)	(123,013)	1,107,119	3,303,359	3.5	2029	08/01/29
100%	2,040,765	(9,208)	-	2,031,557	123.982%	2,518,765	1,259,382	(4,534)	(125,485)	1,129,364	4,916,314	4.5	2030	02/01/30
100%	2,081,580	(9,208)	-	2,072,372	123.982%	2,569,368	1,259,382	(4,534)	(125,485)	1,129,364	5,689,866	5	2030	08/01/30
100%	2,123,212	(9,208)	-	2,114,004	123.982%	2,620,984	1,284,684	(4,625)	(128,006)	1,152,053	6,452,276	5.5	2031	02/01/31
100%	2,165,676	(9,208)	-	2,156,468	123.982%	2,673,632	1,284,684	(4,625)	(128,006)	1,152,053	7,188,904	6	2031	08/01/31
100%	2,208,990	(9,208)	-	2,199,781	123.982%	2,727,333	1,310,492	(4,718)	(130,577)	1,175,197	8,115,686	7	2032	02/01/32
100%	2,253,169	(9,208)	-	2,243,961	123.982%	2,782,108	1,310,492	(4,718)	(130,577)	1,175,197	9,307,740	8	2033	08/01/33
100%	2,298,233	(9,208)	-	2,289,025	123.982%	2,837,978	1,336,816	(4,813)	(133,200)	1,198,803	10,634,069	9	2034	02/01/34
100%	2,344,198	(9,208)	-	2,334,989	123.982%	2,894,966	1,336,816	(4,813)	(133,200)	1,198,803	11,270,158	10	2035	08/01/35
100%	2,391,081	(9,208)	-	2,381,873	123.982%	2,953,094	1,363,666	(4,909)	(135,876)	1,222,882	12,502,801	11	2036	02/01/36
100%	2,438,903	(9,208)	-	2,429,695	123.982%	3,012,384	1,363,666	(4,909)	(135,876)	1,222,882	13,099,792	12	2037	08/01/37
100%	2,487,681	(9,208)	-	2,478,473	123.982%	3,072,860	1,391,054	(5,008)	(138,605)	1,247,442	14,794,346	13	2038	02/01/38
100%	2,537,435	(9,208)	-	2,528,226	123.982%	3,134,546	1,391,054	(5,008)	(138,605)	1,247,442	15,858,731	14	2039	08/01/39
100%	2,588,183	(9,208)	-	2,578,975	123.982%	3,197,465	1,418,989	(5,108)	(141,388)	1,272,493	17,337,178	15	2040	02/01/40
100%	2,639,947	(9,208)	-	2,630,739	123.982%	3,261,643	1,418,989	(5,108)	(141,388)	1,272,493	18,756,542	16	2041	08/01/41
100%	2,692,746	(9,208)	-	2,683,538	123.982%	3,327,104	1,448,733	(5,211)	(144,227)	1,298,045	20,055,603	17	2042	02/01/42
100%	2,746,601	(9,208)	-	2,737,393	123.982%	3,393,874	1,448,733	(5,211)	(144,227)	1,298,045	21,258,740	18	2043	08/01/43
100%	2,801,533	(9,208)	-	2,792,325	123.982%	3,461,980	1,476,547	(5,316)	(147,123)	1,324,108	22,465,137	19	2044	02/01/44
100%	2,857,564	(9,208)	-	2,848,355	123.982%	3,531,448	1,476,547	(5,316)	(147,123)	1,324,108	23,734,060	20	2045	08/01/45
100%	2,914,715	(9,208)	-	2,905,507	123.982%	3,602,305	1,506,192	(5,422)	(150,077)	1,350,693	25,014,445	21	2046	02/01/46
100%	2,973,009	(9,208)	-	2,963,801	123.982%	3,674,580	1,506,192	(5,422)	(150,077)	1,350,693	26,374,228	22	2047	08/01/47
100%	3,032,469	(9,208)	-	3,023,261	123.982%	3,748,300	1,536,430	(5,531)	(153,090)	1,377,809	27,734,228	23	2048	02/01/48
100%	3,093,119	(9,208)	-	3,083,911	123.982%	3,823,494	1,536,430	(5,531)	(153,090)	1,377,809	29,100,905	24	2049	08/01/49
100%							1,567,273	(5,642)	(156,163)	1,405,468	30,465,603	25	2050	02/01/50
100%							1,567,273	(5,642)	(156,163)	1,405,468	31,830,905	26	2051	08/01/51
100%							1,598,733	(5,755)	(159,298)	1,433,679	33,246,665	27	2052	02/01/52
100%							1,598,733	(5,755)	(159,298)	1,433,679	34,665,137	28	2053	08/01/53
100%							1,630,821	(5,871)	(162,495)	1,462,455	36,137,178	29	2054	02/01/54
100%							1,630,821	(5,871)	(162,495)	1,462,455	37,665,603	30	2055	08/01/55
100%							1,663,552	(5,989)	(165,756)	1,491,807	39,246,665	31	2056	02/01/56
100%							1,663,552	(5,989)	(165,756)	1,491,807	40,874,228	32	2057	08/01/57
100%							1,696,937	(6,109)	(169,083)	1,521,745	42,555,603	33	2058	02/01/58
100%							1,696,937	(6,109)	(169,083)	1,521,745	44,284,060	34	2059	08/01/59
100%							1,730,990	(6,232)	(172,476)	1,552,283	46,065,137	35	2060	02/01/60
100%							1,730,990	(6,232)	(172,476)	1,552,283	47,899,665	36	2061	08/01/61
100%							1,765,724	(6,357)	(175,937)	1,583,431	49,784,228	37	2062	02/01/62
100%							1,765,724	(6,357)	(175,937)	1,583,431	51,719,665	38	2063	08/01/63
100%							1,801,153	(6,484)	(179,467)	1,615,202	53,704,228	39	2064	02/01/64
100%							1,801,153	(6,484)	(179,467)	1,615,202	55,739,665	40	2065	08/01/65
100%							1,837,290	(6,614)	(183,068)	1,647,608	57,824,228	41	2066	02/01/66
100%							1,837,290	(6,614)	(183,068)	1,647,608	59,959,665	42	2067	08/01/67
100%							1,874,150	(6,747)	(186,740)	1,680,663	62,144,228	43	2068	02/01/68
100%							1,874,150	(6,747)	(186,740)	1,680,663	64,379,665	44	2069	08/01/69
100%							1,911,747	(6,882)	(190,486)	1,714,378	66,665,137	45	2070	02/01/70
100%							1,911,747	(6,882)	(190,486)	1,714,378	68,999,665	46	2071	08/01/71
<b>Total</b>							<b>74,616,577</b>	<b>(268,620)</b>	<b>(7,434,796)</b>	<b>66,913,161</b>				
							<b>Present Value From 08/01/2025</b>	<b>Present Value Rate</b>	<b>7.00%</b>	<b>28,824,085</b>	<b>(103,767)</b>			
										<b>(2,872,032)</b>	<b>25,848,286</b>			

**Appendix C: Findings Including But/For Qualifications**

*To be added to prior to the public hearing*



**Appendix D: Redevelopment Qualifications for the District**

*To be added to prior to the public hearing*