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Duluth Housing and Redevelopment Authority

City of Duluth, St. Louis County,
Minnesota

MODIFICATION TO THE REDEVELOPMENT PLAN/HOUSING DEVELOPMENT PLAN

Project Area No. 1

&

Tax Increment Financing (TIF) Plan

Establishment of Brewery Creek Tax Increment Financing
District
(a housing district)



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Modification to the Redevelopment Plan / Housing Development Plan for Redevelopment Project Area No. 1

FOREWORD

The following text represents a Modification to the Redevelopment Plan / Housing Development Plan for Redevelopment Project Area No. 1. This modification represents a continuation of the goals and objectives set forth in the Redevelopment Plan / Housing Development Plan for Redevelopment Project Area No. 1. Generally, the substantive changes include the establishment of the Brewery Creek Tax Increment Financing District.

For further information, a review of the Redevelopment Plan / Housing Development Plan for Redevelopment Project Area No. 1, 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 Redevelopment Project Area No. 1.

Tax Increment Financing Plan for the Brewery Creek 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 Brewery Creek Tax Increment Financing District (the "District"), a housing tax increment financing district, located in Redevelopment Project 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 Redevelopment Plan / Housing Development Plan for Redevelopment Project Area No. 1.

STATEMENT OF OBJECTIVES

The District currently consists of two parcels of land and adjacent roads and internal rights-of-way. The District is being created to facilitate construction of 52 units of affordable housing in the City. The HRA intends to enter into an agreement with Brewery Creek LLLP as the developer. Development is anticipated to begin in 2021. This TIF Plan is expected to achieve many of the objectives outlined in the Redevelopment Plan / Housing Development Plan for Redevelopment 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.

REDEVELOPMENT PLAN / HOUSING PLAN 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 - Although not anticipated at the time of Plan adoption, 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 roads rights-of-way and abutting roadways identified by the parcels listed below.

Parcel number	Address	Owner
010-3830-14230	619 E. 4th St.	Brewery Creek, LLLP
010-3830-14190	Unassigned	Brewery Creek, LLLP

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.

DISTRICT CLASSIFICATION

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 two parcels
- The development will consist of 52 units of multi-family rental housing
- 40% of the units will be occupied by person with incomes less than 60% 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 & 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 the HRA or City (a total of 26 years of tax increment). The HRA or City elects to receive the first tax increment in 2023, 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 2048, 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 & 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 2021 for taxes payable 2022.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2023) 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 2022, assuming the request for certification is made before June 30, 2022. 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 2023. 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	91,171
Original estimated Net Tax Capacity	8,791
Fiscal Disparities	0
Estimated Captured Tax Capacity	82,380
Original Local Tax Rate	141.9420% Pay 2021
Estimated Annual Tax Increment	\$116,932
Percent Retained by the City	100%

Note: Tax capacity includes a 3% 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 \$11,213.

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	\$ 2,005,281
Interest	200,528
TOTAL	\$ 2,205,809

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 \$1,398,679. 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 construction of 52 units of affordable housing in the City. 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	\$ 100,000
Site Improvements/Preparation	150,000
Construction of Affordable Housing	850,000
Utilities	50,000
Other Qualifying Improvements	48,151
Administrative Costs (up to 10%)	200,528
PROJECT COSTS TOTAL	\$ 1,398,679
Interest	807,130
PROJECT AND INTEREST COSTS TOTAL	\$ 2,205,809

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	2020/Pay 2021 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) upon completion	Percent of CTC to Entity Total
St. Louis County	205,797,844	82,380	0.0400%
City of Duluth	83,567,551	82,380	0.0986%
ISD 709 (Duluth)	93,009,780	82,380	0.0886%

Impact on Tax Rates				
Entity	Pay 2021 Extension Rate	Percent of Total	CTC	Potential Taxes
St. Louis County	66.2640%	46.68%	82,380	\$ 54,588
City of Duluth	41.6960%	29.38%	82,380	34,349
ISD 709 (Duluth)	28.0170%	19.74%	82,380	23,080
Other	5.9650%	4.20%	82,380	4,914
	141.9420%	100.00%		\$116,932

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Pay 2021 rate. The total net capacity for the entities listed above are based on Pay 2021 figures. The District will be certified under the Pay 2022 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 \$2,005,281;

- (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 forecasts approximately 435 calls for service may be generated annually. In addition, the project may require future intervention by other entities of the police department relating to repeat calls for service and excessive police services. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities. In addition, the police department determines it can manage the financial and non-financial impacts that may arise from the project under current operations and budgets.

The probable impact of the District on fire protection is not expected to be significant. With any new residential development there is a possibility of medical or assist calls from the fire department. With additional rental residential developments being added to the city, there may be a need for an additional rental inspector in the future. At that time a small vehicle would be needed but is not required at this time. The project will include building upgrades, including to the sprinkler system, which increases the safety of the building, the people using the building and the fire fighters responding to any structure fires. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

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 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 \$395,809;
- (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 \$936,143;
- (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

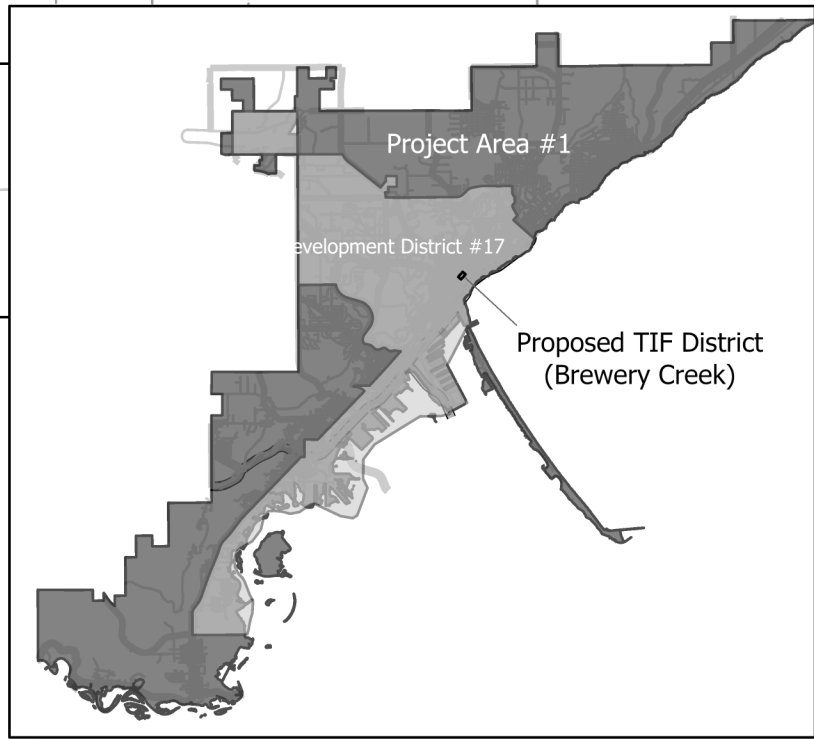
Pursuant to *M.S. Section 469.175, Subd. 1 (a), clause 7* the TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S. Section 469.175, Subd. 3, clause (b)(2)* and the findings are required in the resolution approving the District.

- (i) In making said determination, reliance has been placed upon (1) written representation made by the developer to such effects; 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 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.

DISTRICT ADMINISTRATION

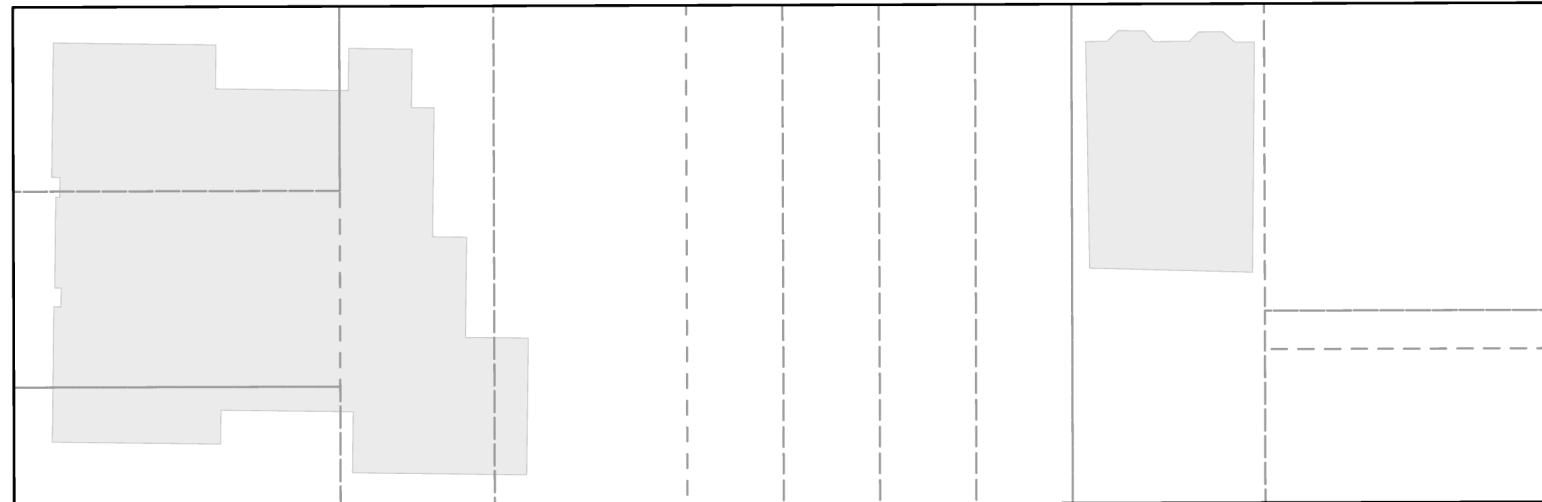
Administration of the District will be handled by the Executive Director.

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



N 6th Ave E

E 5th St



E 5th Alley

E 5th Alley

E 5th Alley

010-3830-14190

010-3830-14230

N 7th Ave E




E 4th St

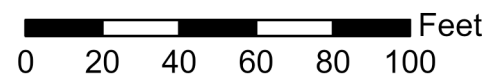
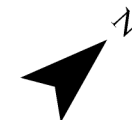
E 4th St

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-  Proposed TIF District (Brewery Creek)
-  Parcel Boundary
-  Road Rights of Way



Proposed TIF District (Brewery Creek)

Path: G:\GIS\myArcGISProProjects\Default\Default_RBB.aprx

Appendix B: Estimated Cash Flow for the District

Brewery Creek TIF District - 3% Inflation

City of Duluth, MN

52 Affordable Apartment Units



ASSUMPTIONS AND RATES

DistrictType:	Housing
District Name/Number:	
County District #:	
First Year Construction or Inflation on Value	2021
Existing District - Specify No. Years Remaining	
Inflation Rate - Every Year:	3.00%
Interest Rate:	4.00%
Present Value Date:	1-Aug-22
First Period Ending	1-Feb-23
Tax Year District was Certified:	Pay 2022
Cashflow Assumes First Tax Increment For Development:	2023
Years of Tax Increment	26
Assumes Last Year of Tax Increment	2048
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	NA
Incremental or Total Fiscal Disparities	NA
Fiscal Disparities Contribution Ratio	NA Pay 2021
Fiscal Disparities Metro-Wide Tax Rate	NA Pay 2021
Maximum/Frozen Local Tax Rate:	141.942% Pay 2021
Current Local Tax Rate: (Use lesser of Current or Max.)	141.942% Pay 2021
State-wide Tax Rate (Comm./Ind. only used for total taxes)	35.9780% Pay 2021
Market Value Tax Rate (Used for total taxes)	0.18832% Pay 2021

Tax Rates	
Exempt Class Rate (Exempt)	0.00%
Commercial Industrial Preferred Class Rate (C/I Pref.)	
First \$150,000	1.50%
Over \$150,000	2.00%
Commercial Industrial Class Rate (C/I)	2.00%
Rental Housing Class Rate (Rental)	1.25%
Affordable Rental Housing Class Rate (Aff. Rental)	
First \$174,000	0.75%
Over \$174,000	0.25%
Non-Homestead Residential (Non-H Res. 1 Unit)	
First \$500,000	1.00%
Over \$500,000	1.25%
Homestead Residential Class Rate (Hmstd. Res.)	
First \$500,000	1.00%
Over \$500,000	1.25%
Agricultural Non-Homestead	1.00%

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
1	010-3830-14230	Brewery Creek, LLLF	619 E. 4th St.	8,800	51,200	60,000	100%	60,000	Pay 2022	Non-H Res. 1 Unit	600	Aff. Rental	450	1
2	010-3830-14230	Brewery Creek, LLLF	619 E. 4th St.	1,012,200	50,000	1,062,200	100%	1,062,200	Pay 2022	C/I Pref.	20,494	Aff. Rental	7,967	
3	010-3830-14190	Brewery Creek, LLLF	Unassigned	49,900	0	49,900	100%	49,900	Pay 2022	C/I Pref.	749	Aff. Rental	374	
				1,070,900	101,200	1,172,100		1,172,100			21,843		8,791	

Note:

1. Base values are for pay 2022 based upon review of County website on 5-13-21.
2. Located in SD #709

Brewery Creek TIF District - 3% Inflation
City of Duluth, MN
52 Affordable Apartment 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 2021	Percentage Completed 2022	Percentage Completed 2023	Percentage Completed 2024	First Year Full Taxes Payable
1	Apartments	115,000	115,000	52	5,980,000	Aff. Rental	44,850	863	25%	100%	100%	100%	2024
TOTAL					5,980,000		44,850						
Subtotal Residential				52	5,980,000		44,850						
Subtotal Commercial/Ind.				0	0		0						

Note:
 1. Market values are based upon estimates.

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	44,850	0	44,850	63,661	0	0	8,446	72,107	1,386.68
TOTAL	44,850	0	44,850	63,661	0	0	8,446	72,107	

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	72,107
less State-wide Taxes	0
less Fiscal Disp. Adj.	0
less Market Value Taxes	(8,446)
less Base Value Taxes	(12,478)
Annual Gross TIF	51,183

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	1,172,100
New Market Value - Est.	5,980,000
Difference	4,807,900
Present Value of Tax Increment	1,112,475
Difference	3,695,425
Value likely to occur without Tax Increment is less than:	3,695,425



Brewery Creek TIF District - 3% Inflation

City of Duluth, MN

52 Affordable Apartment 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%	11,213	(8,791)	-	2,422	141.942%	3,437	1,719	(6)	(171)	1,541	1,481	0.5	2023	02/01/23	
100%	44,850	(8,791)	-	36,059	141.942%	51,183	25,592	(92)	(2,550)	22,950	24,136	1.5	2023	02/01/24	
100%	46,196	(8,791)	-	37,405	141.942%	53,093	25,592	(92)	(2,550)	22,950	44,922	2	2024	02/01/25	
100%	47,581	(8,791)	-	38,791	141.942%	55,060	26,547	(96)	(2,645)	23,806	66,061	2.5	2025	08/01/25	
100%	49,009	(8,791)	-	40,218	141.942%	57,086	26,547	(96)	(2,645)	23,806	86,785	3	2025	02/01/26	
100%	50,479	(8,791)	-	41,688	141.942%	59,173	27,530	(99)	(2,743)	24,688	107,856	3.5	2026	08/01/26	
100%	51,993	(8,791)	-	43,203	141.942%	61,323	27,530	(99)	(2,743)	24,688	128,514	4	2026	02/01/27	
100%	53,553	(8,791)	-	44,762	141.942%	63,537	28,543	(103)	(2,844)	25,596	149,512	4.5	2027	08/01/27	
100%	55,160	(8,791)	-	46,369	141.942%	65,817	28,543	(103)	(2,844)	25,596	170,098	5	2027	02/01/28	
100%	56,815	(8,791)	-	48,024	141.942%	68,166	29,587	(107)	(2,948)	26,532	191,018	5.5	2028	08/01/28	
100%	58,519	(8,791)	-	49,728	141.942%	70,585	29,587	(107)	(2,948)	26,532	211,528	6	2028	02/01/29	
100%	60,275	(8,791)	-	51,484	141.942%	73,077	30,661	(110)	(3,055)	27,496	232,367	6.5	2029	08/01/29	
100%	62,083	(8,791)	-	53,292	141.942%	75,644	30,661	(110)	(3,055)	27,496	252,797	7	2029	02/01/30	
100%	63,945	(8,791)	-	55,155	141.942%	78,288	31,768	(114)	(3,165)	28,489	273,549	7.5	2030	08/01/30	
100%	65,864	(8,791)	-	57,073	141.942%	81,011	31,768	(114)	(3,165)	28,489	293,895	8	2030	02/01/31	
100%	67,840	(8,791)	-	59,049	141.942%	83,815	32,909	(118)	(3,279)	29,511	314,557	8.5	2031	08/01/31	
100%	69,875	(8,791)	-	61,084	141.942%	86,704	32,909	(118)	(3,279)	29,511	334,814	9	2031	02/01/32	
100%	71,971	(8,791)	-	63,180	141.942%	89,679	34,083	(123)	(3,396)	30,564	355,383	9.5	2032	08/01/32	
100%	74,130	(8,791)	-	65,339	141.942%	92,744	34,083	(123)	(3,396)	30,564	375,549	10	2032	02/01/33	
100%	76,354	(8,791)	-	67,563	141.942%	95,901	35,293	(127)	(3,517)	31,649	396,021	10.5	2033	08/01/33	
100%	78,645	(8,791)	-	69,854	141.942%	99,152	35,293	(127)	(3,517)	31,649	416,091	11	2033	02/01/34	
100%	81,004	(8,791)	-	72,213	141.942%	102,501	36,539	(132)	(3,641)	32,766	436,463	11.5	2034	08/01/34	
100%	83,434	(8,791)	-	74,643	141.942%	105,950	36,539	(132)	(3,641)	32,766	456,435	12	2034	02/01/35	
100%	85,937	(8,791)	-	77,146	141.942%	109,503	37,822	(136)	(3,769)	33,917	476,703	12.5	2035	08/01/35	
100%	88,515	(8,791)	-	79,725	141.942%	113,163	37,822	(136)	(3,769)	33,917	496,574	13	2035	02/01/36	
100%	91,171	(8,791)	-	82,380	141.942%	116,932	39,144	(141)	(3,900)	35,103	516,736	13.5	2036	08/01/36	
100%							39,144	(141)	(3,900)	35,103	536,503	14	2036	02/01/37	
100%							40,505	(146)	(4,036)	36,324	556,556	14.5	2037	08/01/37	
100%							40,505	(146)	(4,036)	36,324	576,216	15	2037	02/01/38	
100%							41,908	(151)	(4,176)	37,581	596,158	15.5	2038	08/01/38	
100%							41,908	(151)	(4,176)	37,581	615,708	16	2038	02/01/39	
100%							43,352	(156)	(4,320)	38,876	635,536	16.5	2039	08/01/39	
100%							43,352	(156)	(4,320)	38,876	654,976	17	2039	02/01/40	
100%							44,840	(161)	(4,468)	40,210	674,688	17.5	2040	08/01/40	
100%							44,840	(161)	(4,468)	40,210	694,013	18	2040	02/01/41	
100%							46,372	(167)	(4,621)	41,585	713,607	18.5	2041	08/01/41	
100%							46,372	(167)	(4,621)	41,585	732,817	19	2041	02/01/42	
100%							47,950	(173)	(4,778)	43,000	752,292	19.5	2042	08/01/42	
100%							47,950	(173)	(4,778)	43,000	771,384	20	2042	02/01/43	
100%							49,576	(178)	(4,940)	44,458	790,737	20.5	2043	08/01/43	
100%							49,576	(178)	(4,940)	44,458	809,710	21	2043	02/01/44	
100%							51,251	(185)	(5,107)	45,959	828,939	21.5	2044	08/01/44	
100%							51,251	(185)	(5,107)	45,959	847,792	22	2044	02/01/45	
100%							52,975	(191)	(5,278)	47,506	866,897	22.5	2045	08/01/45	
100%							52,975	(191)	(5,278)	47,506	885,627	23	2045	02/01/46	
100%							54,752	(197)	(5,455)	49,099	904,605	23.5	2046	08/01/46	
100%							54,752	(197)	(5,455)	49,099	923,212	24	2046	02/01/47	
100%							56,581	(204)	(5,638)	50,740	942,063	24.5	2047	08/01/47	
100%							56,581	(204)	(5,638)	50,740	960,545	25	2047	02/01/48	
100%							58,466	(210)	(5,826)	52,430	979,268	25.5	2048	08/01/48	
100%							58,466	(210)	(5,826)	52,430	997,623	26	2048	02/01/49	
Total							2,012,526	(7,245)	(200,528)	1,804,753					
Present Value From 08/01/2022							1,112,475	(4,005)	(110,847)	997,623					
Present Value Rate							4.00%								

Appendix C: Findings Including But/For Qualifications

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

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

Brewery Creek Tax Increment Financing District consists of two parcels. The development will consist of construction of 52 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 40 percent of the units receiving assistance will have incomes at or below 60 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 and that 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 the 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 Brewery Creek Tax Increment Financing District permitted by the TIF Plan.*

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, site and public improvements and construction makes this housing development infeasible without City assistance. The cost of land acquisition and construction are the same for affordable 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 affordable 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 development 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 Brewery Creek Tax Increment Financing District conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The Planning Commission will review the TIF Plan on 06/08/2021 to find that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the TIF Plan for Brewery Creek 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.