



Planning & Development Division
Planning & Economic Development Department

Room 160
411 West First Street
Duluth, Minnesota 55802



218-730-5580



planning@duluthmn.gov

MEMO

TO: Planning Commission

FROM: Adam Fulton, Deputy Director of Planning and Development

DATE: June 1, 2021

RE: Conformance of Development District #17 for The Burnham (former SLC Jail) Development to Comprehensive Plan

In order to facilitate development of the Burnham Apartments, located at 521 West 2nd Street (the “Project”), the City needs to modify Tax Increment Financing (TIF) Development District #17. The role of the Planning Commission is to make sure the proposed development and its uses are consistent 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 consist of the redevelopment of the former St. Louis County Jail into a 32-unit residential apartment building spanning six floors, including the lower level. The majority of the units will be studio and one-bedroom units, four of which will be affordable to tenants earning 60% of the Area Media Income. The project also includes an interior utility system and accessibility upgrades, as well as exterior landscaping and surface parking lot repair and replacement.

The future land-use designation of the development site is Central Business Primary (CBP). According to the Imagine Duluth 2035 Comprehensive Plan, CBP areas are intended for a broad range of uses and intensities including: governmental campuses, significant retail, entertainment and lodging, high-density housing, public open space, and public parking facilities. This land use is designated for Downtown Duluth corridor. The proposed development meets the intent of this future land use.

The property is zoned F-5; according to the Unified Development Chapter, “The F-5 District is applied to both the West Superior Street study area (Lincoln Park) and the transitional areas surrounding Downtown, including Canal Park and Central Hillside (Second Street from Sixth Avenue West to Third Avenue East). These areas consist of a combination of traditional mixed-use buildings and office buildings.” F-5 is an appropriate zone designation for the CBP future land use category. It allows apartments as proposed by this project.

This project implements the following Comprehensive Plan principles:

Principle #1 Reuse previously developed lands. Reuse of previously developed lands, including adaptive reuse of existing building stock and historic resources, 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 #3 -Support existing economic base. Supporting Duluth's existing economic foundation maintains jobs, tax base, and opportunity. Economic activity with specific location requirements may be subject to displacement or site competition with changes in real estate values. This traditional economic activity faces change as a result of global economic patterns, changing markets, new regulation, and aging of extensive infrastructure. Nevertheless, fundamentals remain and the economic contribution, sometimes taken for granted, is significant. This project supports the significant economic base of the Central Business district, which contains Duluth's highest concentration of commercial and retail businesses. Residential units in an area lacking will contribute to more patronization of these businesses.

Principle #5 Promote reinvestment in neighborhoods. Duluth is strongly defined by its neighborhoods. This system should be supported through land use and transportation that foster neighborhood reinvestment. New development or redevelopment should maximize public investment that strengthens neighborhood commercial centers or diversifies residential opportunities that fit the neighborhood's character.

Principle #8 Encourage 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. This project provides a new multifamily housing opportunity in Downtown and will bolster existing and future businesses by housing potential customers in the immediate vicinity.

Principle #12 Create efficiencies in delivery of public services. The costs of public service must be considered in land use decisions. Street construction and maintenance, utilities, libraries, fire, police, snow removal, and recreation facilities are services directly related to the physical location of development. Infrastructure should help direct development location rather than react to it. The integration of public services to maximize efficiencies with all related use decisions should be evaluated.

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. Defining elements that reinforce the place-specific include climate-specific materials and design; repair and use of historic walls, bridges, and buildings. This project involves thoughtful renovation and preservation of the historic former St. Louis County Jail.

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. 21-070

RESOLUTION OF THE CITY OF DULUTH PLANNING COMMISSION FINDING THAT A MODIFICATION TO THE DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO. 17 AND A TAX INCREMENT FINANCING PLAN FOR TAX INCREMENT FINANCING DISTRICT NO. 35 (ST. LOUIS COUNTY JAIL) CONFORM TO THE GENERAL PLANS FOR THE DEVELOPMENT AND REDEVELOPMENT OF THE CITY.

WHEREAS, the Duluth Economic Development Authority (the "DEDA") 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 for Tax Increment Financing District No. 35 (St. Louis County Jail) (the "TIF Plan") therefor (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 has reviewed the Program and Plan to determine their conformity with the general plans for the development and redevelopment of the City as described in the comprehensive plan for the City.

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

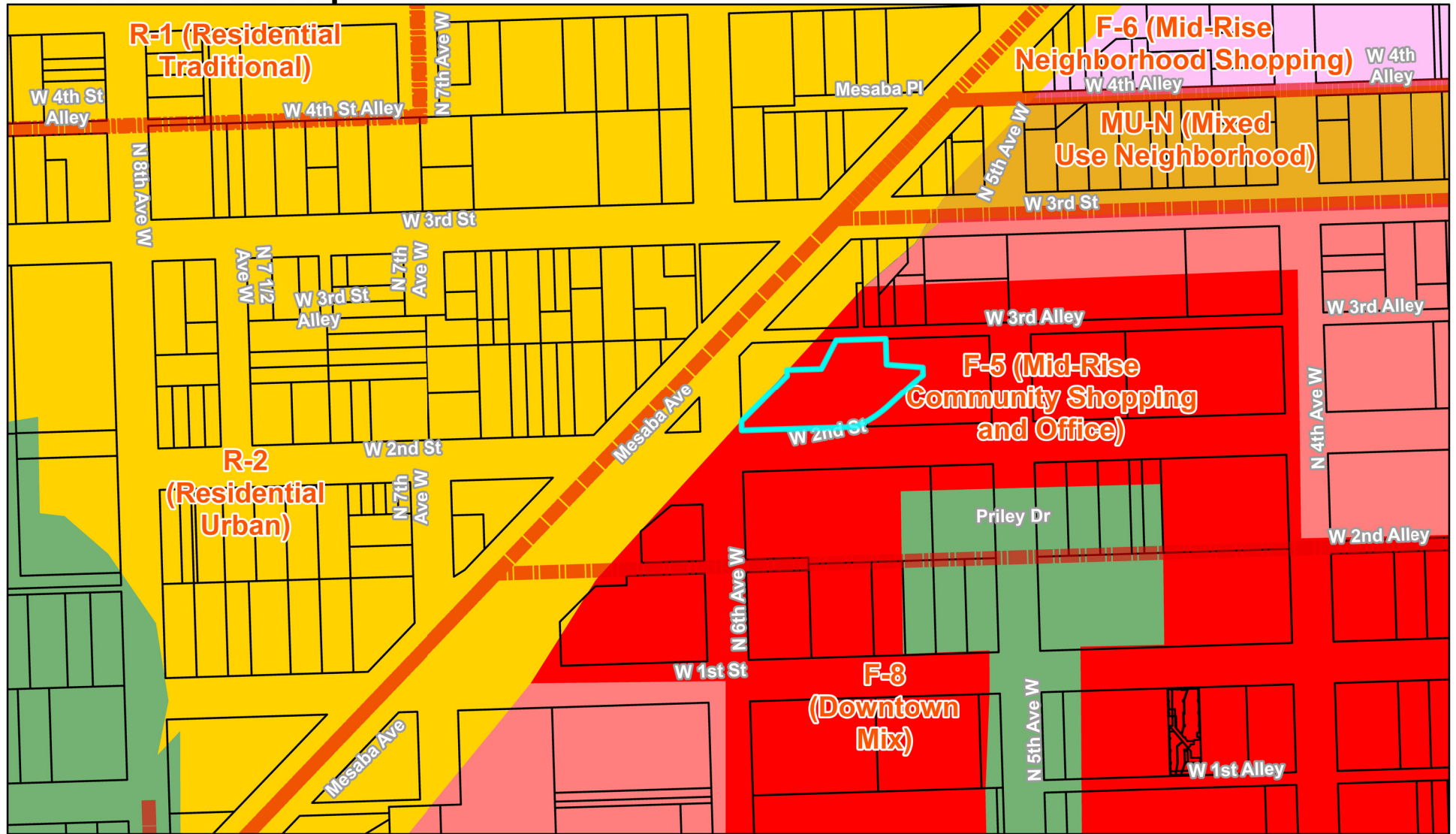
Dated: _____, 2021

Chair

ATTEST:

Secretary

PL21-070 Land Use Map



0 195 390 780 Feet



Base Layers

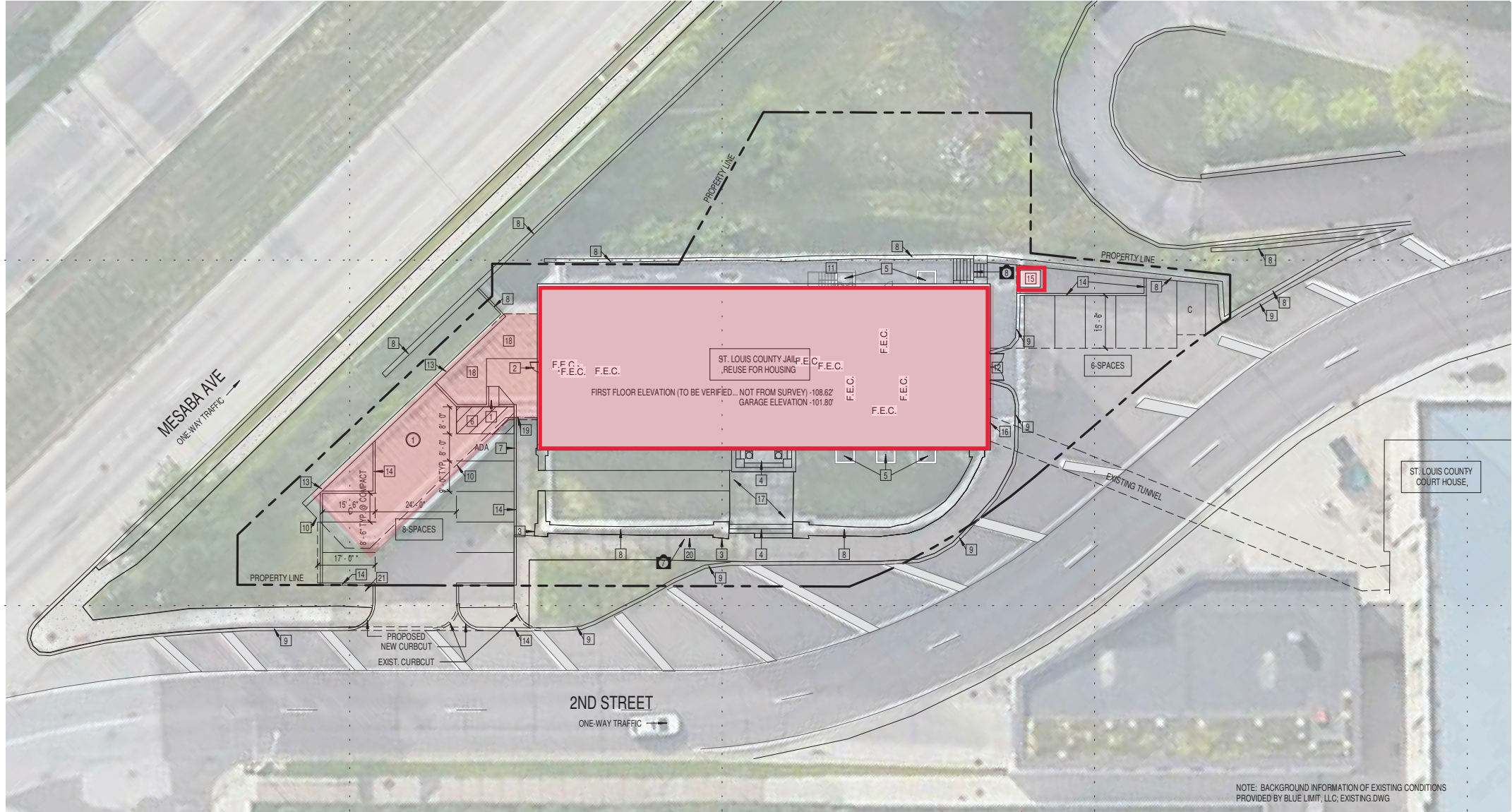
Zoning Boundaries

Future Land Use Plus

Open Space
 Open Space/Outside Duluth
 Rural Residential
 Low-density Neighborhood
 Traditional Neighborhood

Urban Residential
 Neighborhood Commercial
 Central Business Secondary
 Central Business Primary
 Large-scale commercial
 Tourism/Entertainment District
 Commercial Waterfront
 General Mixed Use
 Neighborhood Mixed Use

Light Industrial
 General Industrial
 Industrial Waterfront
 Business Park
 Transportation and Utilities
 Transportation and Utilities/Outside Duluth
 Institutional
 Project Location- Burnham



1 ARCHITECTURAL SITE PLAN
Scale: 1" = 40'-0"



10 ENTRY STAIR - LOWER



9 ENTRY STAIR - UPPER

NOTES:
1. ASSESS CONCRETE FOUNDATION BELOW FOR ADDITIONAL REHABILITATION - IF NECESSARY
2. COORDINATE WITH A/E REPRESENTATIVE PRIOR TO CONDUCTING THE WORK
3. PROTECT ALL STONE PIECES TO REMAIN



8 EXTERIOR STAIR AT NE CORNER



7 ADDRESS SIGN

ITEM # REFERENCE IN HISTORIC REPORT, SEE HISTORIC APPROVAL SECTION ON SHEET G0.10

ZONING NOTES:

ZONING
-SITE IS ZONED F-5 (MID-RISE COMMUNITY SHOPPING AND OFFICE)

-SITE AREA = 24,539SF (.56 ACRES)

OFF-STREET PARKING REQUIRED (PER UDC TABLE 50-24-1 APPLICABILITY, EXCEPTION D)
-NO OFF-STREET PARKING SHALL BE REQUIRED WITHIN THE BOUNDARIES FOR THE DOWNTOWN AREA SHOWN IN EXHIBIT 50-24-1-1. SITE IS WITHIN THIS AREA

DESIGN STANDARDS (TABLE 50-24-4)

STALL SIZE

SMALL, 8.5FT. x 15 FT.
STANDARD, 9FT x 17FT.

MIN. AISLE WIDTHS

90 DEGREE, TWO-WAY, 24FT.

PERMITTED PERCENTAGE OF SMALL CARS

6 TO 100 SPACES = 40% MAX. % OF SMALL CARS

PROPOSED PARKING

-OFF-STREET SPACES

-12 STANDARD

-2 COMPACT

-14 TOTAL SPACES

-THE AREA SET ASIDE FOR A PARKING SPACE MAY ENCROACH BEYOND THE FACE OF A CURB & MAX. OF 1.5FT. PROVIDED THAT (A) IT DOES NOT INCLUDE TREES, POSTS, OR OTHER OBSTRUCTIONS THAT WOULD PREVENT A VEHICLE FROM FULLY UTILIZING THE SPACE, AND (B) IT IS NOT INCLUDED IN REQUIRED OPEN SPACE, LANDSCAPE AREA REQUIREMENTS, OR REQUIRED PEDESTRIAN WALKWAYS.

SITE PLAN GENERAL NOTES:

A. XXX

SITE PLAN KEY NOTES:

- 1 PEDESTRIAN RAMP
- 2 ACCESSIBLE ENTRY
- 3 ACCESSIBLE ENTRY DIRECTIONAL SIGN
- 4 EXISTING STAIRS, TO BE REPAIRED AND REMAIN
- 5 EXISTING WINDOW WELLS, TO REMAIN
- 6 ACCESSIBLE PARKING ACCESS AISLE, AISLE TO BE STRIPED AND 'NO PARKING' IS TO BE PAINTED ON THE SURFACE
- 7 HANDICAPPED PARKING SIGN CENTERED ON STALL
- 8 EXISTING RETAINING WALL TO REMAIN
- 9 EXISTING CURB
- 10 EXISTING ADDITION OUTLINE, TO BE DEMOLISHED
- 11 EXISTING FIRE ESCAPE ABOVE
- 12 TRASH ROOM ACCESS
- 13 PLAN NORTH WALL OF DEMOLISHED ADDITION SHALL REMAIN AND SERVE AS RETAINING WALL
- 14 NEW CURB
- 15 NEW TRANSFORMER LOCATION (5' x 6' SHOWN)
- 16 FDC CONNECTION
- 17 GRANITE PAVERS TO REMAIN
- 18 LANDSCAPED AREA
- 19 POLE MOUNTED 'NO PARKING' SIGN
- 20 ADDRESS SIGN
- 21 STOP SIGN

-EXISTING CONCRETE WALK

- 7 ADDRESS SIGN
-PROVIDE LASER CUT STAINLESS STEEL 5" TALL INDIVIDUAL METAL LETTERS, FASTEN LETTERS TO STEEL BACKER PLATE WHICH IS TO BE FASTENED TO THE STONE AT MORTAR JOINTS ONLY. LETTERS TO HAVE 3/4" STANDOFFS
-TEXT: 50555, 2ND STREET
-PROVIDE LED BACKLIGHTING



**PERFORMANCE
DRIVEN DESIGN.**
LHBcorp.com

701 Washington Ave. N, Ste 200 | Minneapolis, MN 55401 | 612.338.2029

CLIENT:
Blue Limit, LLC

**620 South 6TH Street
Minneapolis, MN 55404**

THIS SQUARE APPEARS 1/2"x1/2"
ON FULL SIZE SHEETS

NOTE: THIS SHEET IS TO BE PRINTED IN COLOR TO READ CORRECTLY

1/10/20 100% CONSTRUCTION DOCUMENTS		
NO	DATE	ISSUED FOR
NO	DATE	REVISION

I HEREBY CERTIFY that this plan, specification or report was prepared by me or under my direct supervision and that I am a duly Licensed Architect under the laws of the State of Minnesota.

Signature: *Andrew Madson*
Typed or Printed Name: **ANDREW MADSON**

Date: 1/10/20 Reg. No.: 50555

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PROJECT NAME:

**St. Louis Co Jail -
Conversion to Housing**

**521 W. 2ND STREET
Duluth, MN 55802**

DRAWING TITLE:

**ARCHITECTURAL SITE
PLAN**

DRAWN BY: JGH
CHECKED BY:KMB
PROJ. NO: 180039

DRAWING NO:

A0.10



NORTH

MODIFICATION TO REDEVELOPMENT PLAN/
MUNICIPAL DEVELOPMENT DISTRICT PROGRAM
PLAN DATED MAY 15, 1989

A. Statement of Statutory Authority

Pursuant to Minnesota Statutes, Sections 469.090 through 469.108 (the "EDA Act"), the City Council of the City of Duluth, Minnesota (the "City"), established the Duluth Economic Development Authority ("DEDA") by resolution dated April 24, 1989 (the "Resolution"). The EDA Act and the Resolution authorize DEDA to establish municipal development districts pursuant to Minnesota Statutes, Sections 469.124 through 469.134, and housing development projects pursuant to Minnesota Statutes, Sections 469.001 through 469.047. Within such projects, DEDA is authorized, pursuant to Minnesota Statutes, Sections 469.174 through 469.179 (the "Act"), to create tax increment financing districts.

In accordance with the above-referenced statutory authority, DEDA established the Redevelopment Plan/Municipal Development District (the "Project") and adopted the Redevelopment Plan/Municipal Development District Program Plan, dated May 15, 1989, for the Project (the "Project Plan").

B. Modification to the Project

DEDA desires to utilize TIF monies outside the current geographic boundaries of the Project. Additionally, DEDA may desire to provide tax-increment assistance for housing developments located in areas of the City that are outside the current geographic boundaries of the Project.

DEDA is modifying the Project and the Project Plan by expanding the geographic boundaries of the Project to include all property within the City of Duluth as legally described in Exhibit A and as shown on Exhibit B attached hereto and incorporated herein.

C. Statement of Objectives

As provided in the Redevelopment Plan/Municipal Development District Program Plan, the general objectives for the Project are as follows:

1. to increase the supply of decent, safe and sanitary housing within the community for persons of all income levels, with emphasis on the creation of rental and ownership opportunities for persons and families of low and moderate income;
2. to provide such housing in areas that are appropriate for such uses and

in need of housing investment, with emphasis upon lands potentially useful for contributing to the public welfare, but which, by reason of special problems or conditions, have not reached full development potential by the ordinary operations of private enterprise;

3. to carry out the provision of housing and development of undeveloped and underdeveloped lands within the City, compatible with the planning needs of such areas and consistent with the general land use plan and other components of the City's Comprehensive Plan;
4. where necessary, to further the projection of low- and moderate-income units in an appropriate economic mix, in such ratio as DEDA determines is necessary to meet the objectives of the City's Comprehensive Plan and project development financing requirements;
5. to coordinate acquisition, site preparation and improvements, provision of necessary public improvements and facilities, provision of low and moderate income housing and other Project activities on Project housing sites, and to spread and equalize the costs thereof, in order to accomplish the entire Project development at a cost reasonably related to the public purposes to be served;
6. to establish re-use valuations based on housing re-use, or use ancillary to the provision of housing, including the provision of low- and moderate-income units, and to sell acquired project sites for private redevelopment in accordance with the Housing Development Project/Municipal Development District Program Plan, dated May 15, 1989, at economically feasible land sale prices in order to induce and make possible private participation in the Project District development;
7. to provide private developers with information regarding zoning, land use controls, and other City and Project requirements; information and assistance in obtaining construction and permanent financing; and information and assistance regarding construction of site and public improvements and financing for measures necessary to correct site sub-soil conditions or other characteristics which are inhibiting normal development, all in accordance with development agreements;
8. to assist in the provision of rental opportunities to persons of low and moderate income at prices or rents within their means and to make advance commitments with respect to such rental assistance in low and moderate income units in order to assist developers in securing financing for housing improvements;

9. to finance the development costs of the Project and the provision of low- and moderate-income housing by means of tax increment generated by Project improvements and development and through the use of other available funding sources; and
10. to finance housing development and land redevelopment by a combination of private and public financing sources under the authority of and subject to the requirements of applicable federal, state and local laws and ordinances.
11. to encourage and promote the development of tax-forfeited lands located in the Project and thereby guide the type of developments which will enhance the quality of the surrounding neighborhood.
12. to promote the voluntary rehabilitation of substandard, or deteriorated or deteriorating housing units within the Project through the use of tax increment and other available funds.
13. to encourage and assist the development of private and public improvements which do not by themselves provide additional housing units within the Project, but which are necessary to serve the needs of residents of existing and projected residential areas.

D. Exhibits.

The Exhibits to this document are as follows:

- Exhibit A: Legal Description of Redevelopment Plan/Municipal Development District
- Exhibit B: Map of Redevelopment Plan/Municipal Development District

Exhibit A

That property located in St. Louis County, Minnesota as follows:

CHAPTER I. NAME AND GENERAL POWERS.

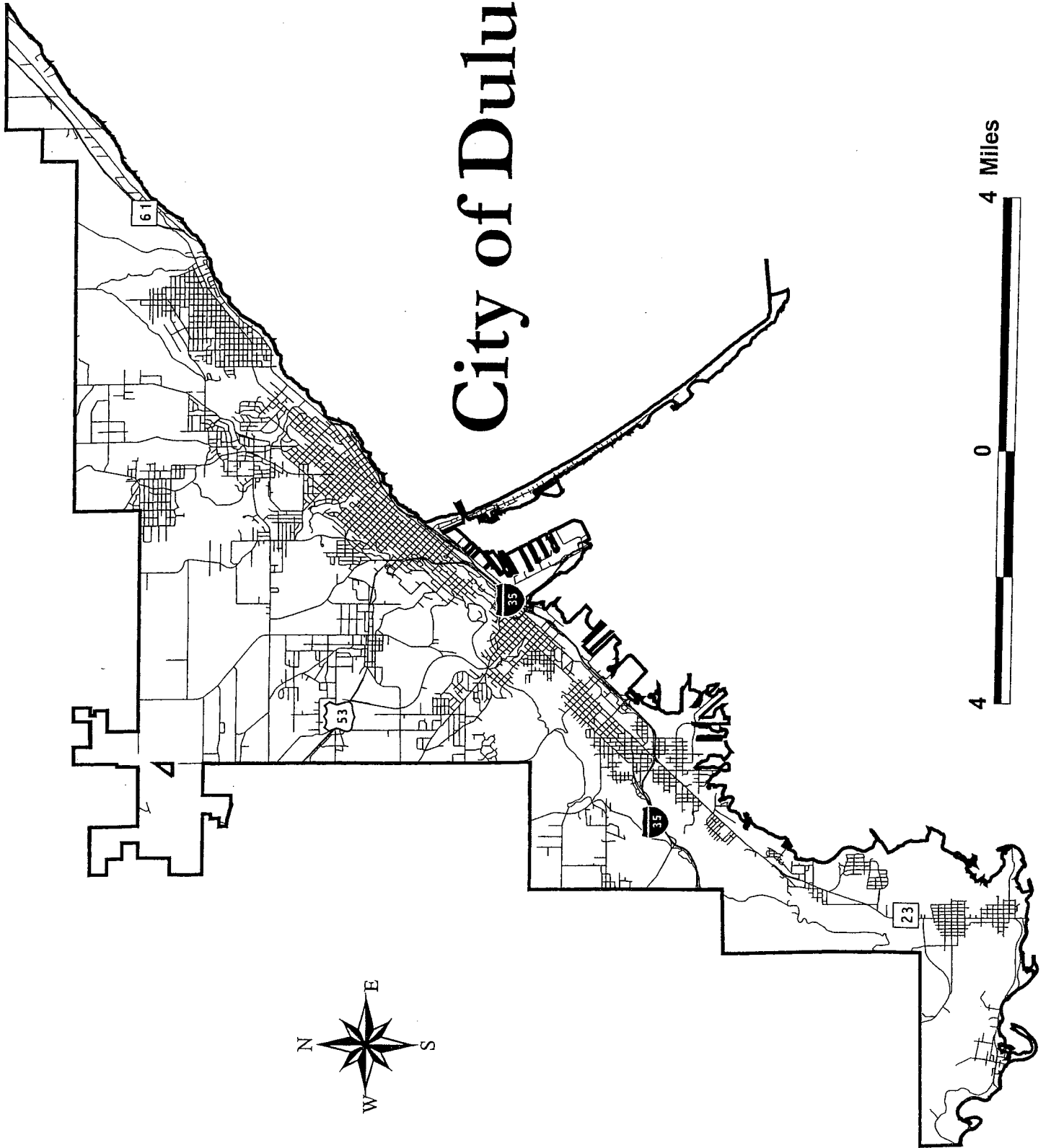
Sec. 1. Generally.

The city of Duluth in the County of St. Louis and State of Minnesota shall continue to be, upon the adoption of this Charter, a municipal corporation of the same name, and with the same boundaries as it now has, to-wit: Commencing at a point where the north line of section twenty-five (25) township fifty-one (51) north of range thirteen (13) west, in St. Louis County, Minnesota, intersects the shore line of Lake Superior; thence west to the northwest corner of section twenty-six (26), in said township fifty-one (51) north of range thirteen (13) west; thence south to the quarter corner post on the west line of said section twenty-six (26); thence west to the center of section twenty-seven (27) in said township fifty-one (51) north of range thirteen (13) west; thence south to the quarter corner post on the south line of said section twenty-seven (27); thence west to the northwest corner of section thirty-five (35) in township fifty-one (51) north of range fourteen (14) west; thence south to the southwest corner of said section thirty-five (35); thence west to the northwest corner of township fifty (50) north of range fourteen (14) west; thence south to the southwest corner of said township fifty (50) north of range fourteen (14) west; thence west to the northwest corner of section two (2) in township forty-nine (49) north of range fifteen (15) west; thence south to the southwest corner of section fourteen (14) in said township forty-nine (49) north of range fifteen (15) west; thence west to the northwest corner of section twenty-two (22) in said township forty-nine (49) north of range fifteen (15) west; thence south to the southwest corner of section thirty-four (34) in said township forty-nine (49) north of range fifteen (15) west; thence west on the town line between township forty-eight (48) north of range fifteen (15) west and township forty-nine (49) north of range fifteen (15) west, to the southwest corner of said township forty-nine (49) north of range fifteen (15) west; thence south on the range line between township forty-eight (48) north of range fifteen (15) west and township forty-eight (48) north of range sixteen (16) west, to the center line of the channel of the St. Louis River; thence along the center line of the channel of said river to the state boundary line between the States of Minnesota and Wisconsin; thence along said state boundary line to the mouth of the St. Louis River at the entry of the Bay of Superior between Minnesota and Wisconsin points; thence in a straight line to the place of beginning.

By and in its corporate name, it shall have perpetual succession; save as herein otherwise provided and save as prohibited by the Constitution or Statutes of the State of Minnesota, it shall have and exercise all powers, functions, rights and privileges possessed by the city of Duluth prior to the adoption of this Charter; also all powers, functions, rights and privileges now or hereafter given or granted to municipal corporations of the first class having "home rule charters" by the Constitution and laws of the State of Minnesota; also all powers, functions, rights and privileges usually exercised by, or which are incidental to, or inhere in, municipal corporations of like power and degree; also all municipal power,² functions, rights, privileges and immunities of every name and nature whatsoever; and in addition, it shall have all the powers, and be subject to the restrictions contained in this Charter. In its corporate name, it may take and hold, by purchase, condemnation, gift or devise, and lease and convey any and all such real, personal or mixed property, within or without its boundaries as its purposes may require, or as may be useful or beneficial to its inhabitants.

(A). Certain lands upon which the Duluth International Airport is located were annexed to the corporate limits of the city of Duluth by Ord. No. 7564, passed February 13, 1967, under authority of M.S.A. 414.03, Subd. 2.

City of Duluth



Adoption Date: July 6, 2021

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. 35:
St. Louis County Jail
(a redevelopment district)



Prepared by:

Ehlers
3060 Centre Pointe Drive
Roseville, Minnesota 55113

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. 35: St. Louis County Jail.

For further information, a review of the Development Program for Development District No. 17, 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 Development District No. 17.

Tax Increment Financing Plan for Tax Increment Financing District No. 35: St. Louis County Jail

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. 35: St. Louis County Jail (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 City have certain statutory powers pursuant to *Minnesota Statutes ("M.S."), Sections 469.124 - 469.133, 469.090 - 469.1082*, 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 Development District No. 17.

STATEMENT OF OBJECTIVES

The District currently consists of one parcel of land and adjacent roads and internal rights-of-way. The District is being created to facilitate the renovation of the former St. Louis County Jail into a 32-unit residential housing apartment building in the City. DEDA intends to enter into an agreement with New Burnham LLC as the developer. Development is anticipated to begin in 2022. 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 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 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 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 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
010-1250-00330	521 W 2nd St	Jail Holdings LLC

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

DEDA 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 DEDA 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. DEDA 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

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

- The District is a redevelopment district consisting of one parcel.
- An inventory shows that parcels consisting of more than 70 percent 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 percent 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 City (a total of 26 years of tax increment). DEDA or City elects to receive the first tax increment in 2024, 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 2049, or when the TIF Plan is satisfied. DEDA 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 2024) 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 City.

The original local tax rate for the District will be the local tax rate for taxes payable in 2022, assuming the request for certification is made before June 30, 2022. The ONTC and the Original Local Tax Rate for the District in the table below are for taxes payable in 2021 since the local tax rate for taxes payable in 2022 was not available at time of the TIF Plan preparation.

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 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 2024. 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	106,722
Original estimated Net Tax Capacity	1,035
Fiscal Disparities	<u>0</u>
Estimated Captured Tax Capacity	105,687
Original Local Tax Rate	<u>141.9420% Pay 2021</u>
Estimated Annual Tax Increment	\$150,014
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 \$26,250.

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.

DEDA has reviewed the area to be included in the District and determined no building permits have been issued during the 18 months immediately preceding approval of the TIF Plan.

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	\$2,706,214
Interest	270,621
TOTAL	\$2,976,835

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. DEDA 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 DEDA or City to incur debt. DEDA or 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 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 \$1,910,562. 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 renovation of the former St. Louis County Jail into a 32-unit apartment. DEDA and City have determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described.

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.

USES	
Land/Building Acquisition	\$ 500,000
Site Improvements/Preparation	200,000
Utilities	50,000
Other Qualifying Improvements	889,941
Administrative Costs (up to 10%)	270,621
PROJECT COSTS TOTAL	\$ 1,910,562
Interest	1,066,273
PROJECT AND INTEREST COSTS TOTAL	\$ 2,976,835

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. Pursuant to *M.S., Section 469.1763, Subd. 2*, no more than 25 percent 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 this 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 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	105,687	0.0514%
City of Duluth	83,567,551	105,687	0.1265%
ISD 709 (Duluth)	93,009,780	105,687	0.1136%

Impact on Tax Rates				
Entity	Pay 2021 Extension Rate	Percent of Total	CTC	Potential Taxes
St. Louis County	66.2640%	46.68%	105,687	\$ 70,032
City of Duluth	41.6960%	29.38%	105,687	44,067
ISD 709 (Duluth)	28.0170%	19.74%	105,687	29,610
Other	5.9650%	4.20%	105,687	6,304
	141.9420%	100.00%		\$150,014

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 2022 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 \$2,706,214;

- (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 150-165 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 budget.

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 \$534,162;
-

- (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 \$1,263,365;
- (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

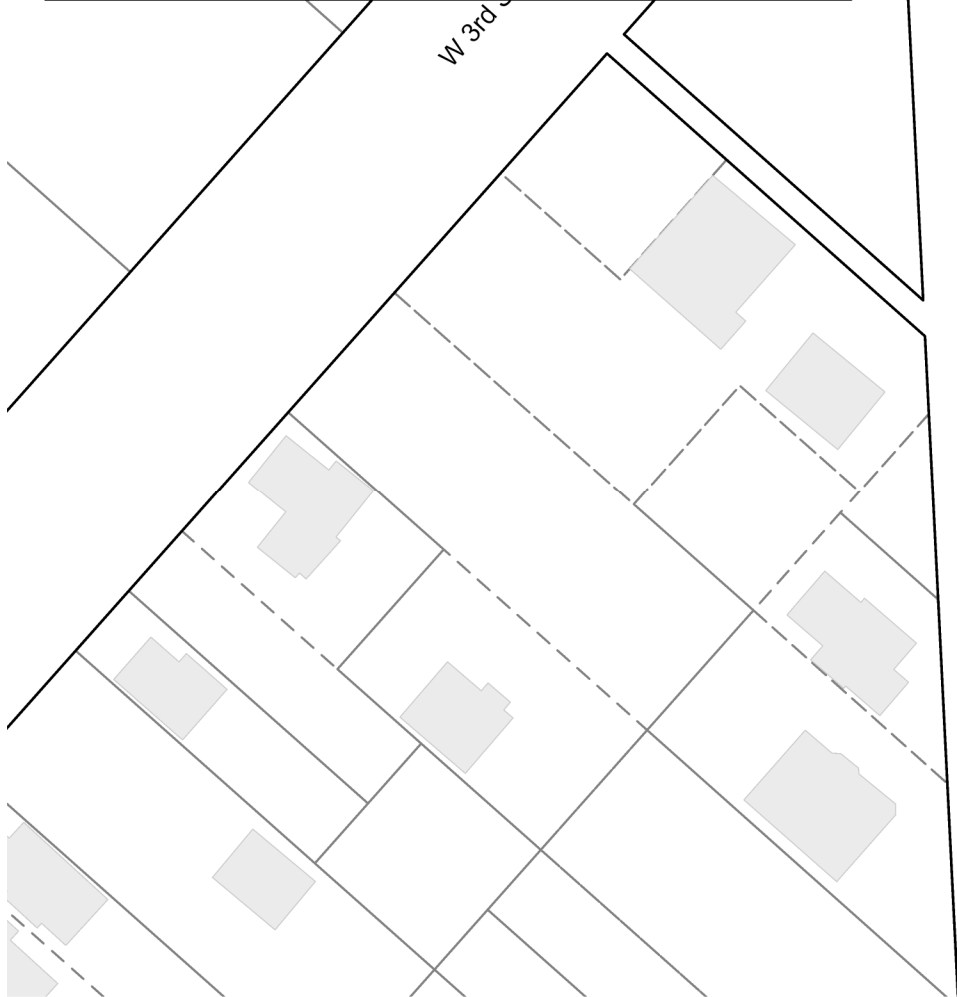
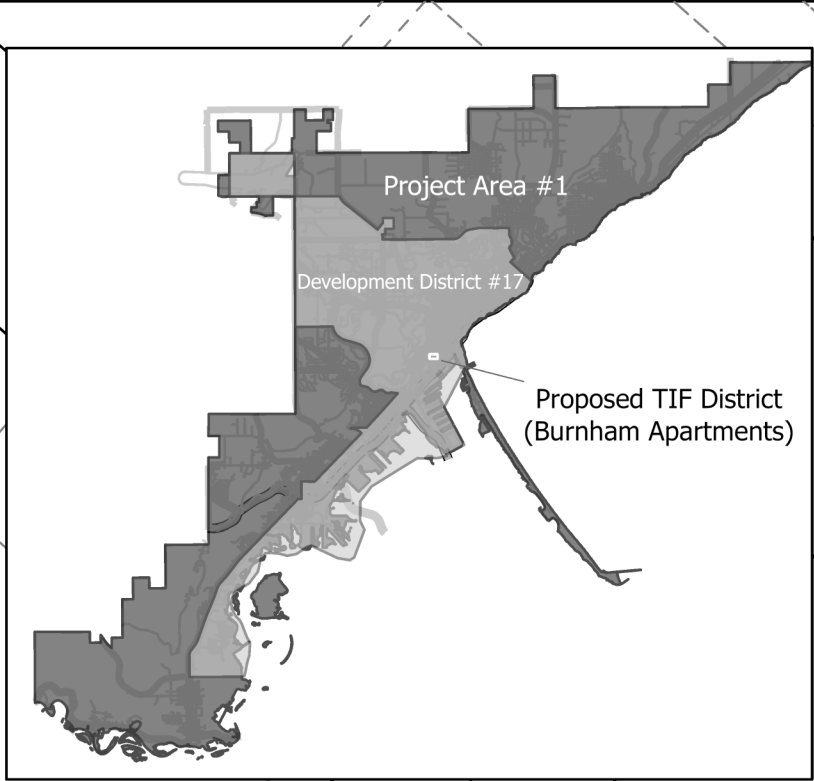
Pursuant to *M.S. Section 469.175, Subd. 1 (a), clause 7* the TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S. Section 469.175, Subd. 3, clause (b)(2)* and the findings are required in the resolution approving the District.

- (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 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 Senior Housing Developer.

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



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.

The City of Duluth requires that this map/data not be redistributed to any party in whole or in part, including any derivative works of products generated by combining the data with other data, unless authorized by the City of Duluth GIS office.



- TIF District No. 35 (St. Louis County Jail)
- Parcel Boundary
- Road Rights of Way

194

194

194

010-1250-00330

W 2nd St

N 6th Ave W

W 3rd Alley

Priley Dr

W 1st St



0 20 40 60 80 100 Feet

TIF District No. 35: St. Louis County Jail

Appendix B: Estimated Cash Flow for the District

St. Louis County Jail Redevelopment - 3% Inflation

City of Duluth, MN

32-Unit Apartment



ASSUMPTIONS AND RATES

DistrictType:	Redevelopment
District Name/Number:	
County District #:	
First Year Construction or Inflation on Value	2022
Existing District - Specify No. Years Remaining	
Inflation Rate - Every Year:	3.00%
Interest Rate:	4.00%
Present Value Date:	1-Aug-23
First Period Ending	1-Feb-24
Tax Year District was Certified:	Pay 2022
Cashflow Assumes First Tax Increment For Development:	2024
Years of Tax Increment	26
Assumes Last Year of Tax Increment	2049
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	010-1250-00330	Jail Holdings LLC	521 W 2nd St	82,700	100	82,800	100%	82,800	Pay 2022	C/I Pref.	1,242	Rental	1,035	1
				82,700	100	82,800		82,800			1,242		1,035	

Note:

1. Base values are for pay 2021 based upon information provided by the City of Duluth on 1-14-21
2. Located in SD # 709

St. Louis County Jail Redevelopment - 3% Inflation
City of Duluth, MN
32-Unit 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 2022	Percentage Completed 2023	Percentage Completed 2024	Percentage Completed 2025	First Year Full Taxes Payable
1	Apartments	131,250	131,250	32	4,200,000	Rental	52,500	1,641	50%	100%	100%	100%	2025
TOTAL					4,200,000		52,500						
Subtotal Residential				32	4,200,000		52,500						
Subtotal Commercial/Ind.				0	0		0						

Note:

1. Market values are based upon estimates received from the City of Duluth.

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	52,500	0	52,500	74,520	0	0	7,909	82,429	2,575.91
TOTAL	52,500	0	52,500	74,520	0	0	7,909	82,429	

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	82,429
less State-wide Taxes	0
less Fiscal Disp. Adj.	0
less Market Value Taxes	(7,909)
less Base Value Taxes	(1,469)
Annual Gross TIF	73,050

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	82,800
New Market Value - Est.	4,200,000
Difference	4,117,200
Present Value of Tax Increment	1,526,963
Difference	2,590,237
Value likely to occur without Tax Increment is less than:	2,590,237



St. Louis County Jail Redevelopment - 3% Inflation
City of Duluth, MN
32-Unit 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%	26,250	(1,035)	-	25,215	141.942%	35,791	17,895	(64)	(1,783)	16,048	15,425	0.5	2024	02/01/24
							17,895	(64)	(1,783)	16,048	30,547	1	2024	02/01/25
100%	52,500	(1,035)	-	51,465	141.942%	73,050	36,525	(131)	(3,639)	32,754	60,807	1.5	2025	08/01/25
							36,525	(131)	(3,639)	32,754	90,473	2	2025	02/01/26
100%	54,075	(1,035)	-	53,040	141.942%	75,286	37,643	(136)	(3,751)	33,757	120,449	2.5	2026	08/01/26
							37,643	(136)	(3,751)	33,757	149,836	3	2026	02/01/27
100%	55,697	(1,035)	-	54,662	141.942%	77,589	38,794	(140)	(3,865)	34,789	179,528	3.5	2027	08/01/27
							38,794	(140)	(3,865)	34,789	208,638	4	2027	02/01/28
100%	57,368	(1,035)	-	56,333	141.942%	79,960	39,980	(144)	(3,984)	35,853	238,050	4.5	2028	08/01/28
							39,980	(144)	(3,984)	35,853	266,885	5	2028	02/01/29
100%	59,089	(1,035)	-	58,054	141.942%	82,403	41,202	(148)	(4,105)	36,948	296,018	5.5	2029	08/01/29
							41,202	(148)	(4,105)	36,948	324,580	6	2029	02/01/30
100%	60,862	(1,035)	-	59,827	141.942%	84,919	42,460	(153)	(4,231)	38,076	353,437	6.5	2030	08/01/30
							42,460	(153)	(4,231)	38,076	381,728	7	2030	02/01/31
100%	62,688	(1,035)	-	61,653	141.942%	87,511	43,756	(158)	(4,360)	39,238	410,311	7.5	2031	08/01/31
							43,756	(158)	(4,360)	39,238	438,334	8	2031	02/01/32
100%	64,568	(1,035)	-	63,533	141.942%	90,181	45,090	(162)	(4,493)	40,435	466,645	8.5	2032	08/01/32
							45,090	(162)	(4,493)	40,435	494,401	9	2032	02/01/33
100%	66,505	(1,035)	-	65,470	141.942%	92,930	46,465	(167)	(4,630)	41,668	522,442	9.5	2033	08/01/33
							46,465	(167)	(4,630)	41,668	549,933	10	2033	02/01/34
100%	68,501	(1,035)	-	67,466	141.942%	95,762	47,881	(172)	(4,771)	42,938	577,707	10.5	2034	08/01/34
							47,881	(172)	(4,771)	42,938	604,937	11	2034	02/01/35
100%	70,556	(1,035)	-	69,521	141.942%	98,679	49,339	(178)	(4,916)	44,246	632,445	11.5	2035	08/01/35
							49,339	(178)	(4,916)	44,246	659,414	12	2035	02/01/36
100%	72,672	(1,035)	-	71,637	141.942%	101,683	50,842	(183)	(5,066)	45,593	686,659	12.5	2036	08/01/36
							50,842	(183)	(5,066)	45,593	713,370	13	2036	02/01/37
100%	74,852	(1,035)	-	73,817	141.942%	104,778	52,389	(189)	(5,220)	46,980	740,355	13.5	2037	08/01/37
							52,389	(189)	(5,220)	46,980	766,810	14	2037	02/01/38
100%	77,098	(1,035)	-	76,063	141.942%	107,965	53,983	(194)	(5,379)	48,410	793,536	14.5	2038	08/01/38
							53,983	(194)	(5,379)	48,410	819,737	15	2038	02/01/39
100%	79,411	(1,035)	-	78,376	141.942%	111,248	55,624	(200)	(5,542)	49,882	846,206	15.5	2039	08/01/39
							55,624	(200)	(5,542)	49,882	872,156	16	2039	02/01/40
100%	81,793	(1,035)	-	80,758	141.942%	114,630	57,315	(206)	(5,711)	51,398	898,370	16.5	2040	08/01/40
							57,315	(206)	(5,711)	51,398	924,070	17	2040	02/01/41
100%	84,247	(1,035)	-	83,212	141.942%	118,113	59,056	(213)	(5,884)	52,959	950,032	17.5	2041	08/01/41
							59,056	(213)	(5,884)	52,959	975,485	18	2041	02/01/42
100%	86,775	(1,035)	-	85,740	141.942%	121,700	60,850	(219)	(6,063)	54,568	1,001,197	18.5	2042	08/01/42
							60,850	(219)	(6,063)	54,568	1,026,404	19	2042	02/01/43
100%	89,378	(1,035)	-	88,343	141.942%	125,395	62,698	(226)	(6,247)	56,225	1,051,868	19.5	2043	08/01/43
							62,698	(226)	(6,247)	56,225	1,076,832	20	2043	02/01/44
100%	92,059	(1,035)	-	91,024	141.942%	129,201	64,601	(233)	(6,437)	57,931	1,102,050	20.5	2044	08/01/44
							64,601	(233)	(6,437)	57,931	1,126,773	21	2044	02/01/45
100%	94,821	(1,035)	-	93,786	141.942%	133,121	66,561	(240)	(6,632)	59,689	1,151,747	21.5	2045	08/01/45
							66,561	(240)	(6,632)	59,689	1,176,232	22	2045	02/01/46
100%	97,665	(1,035)	-	96,630	141.942%	137,159	68,580	(247)	(6,833)	61,499	1,200,964	22.5	2046	08/01/46
							68,580	(247)	(6,833)	61,499	1,225,211	23	2046	02/01/47
100%	100,595	(1,035)	-	99,560	141.942%	141,318	70,659	(254)	(7,040)	63,364	1,249,704	23.5	2047	08/01/47
							70,659	(254)	(7,040)	63,364	1,273,716	24	2047	02/01/48
100%	103,613	(1,035)	-	102,578	141.942%	145,602	72,801	(262)	(7,254)	65,285	1,297,971	24.5	2048	08/01/48
							72,801	(262)	(7,254)	65,285	1,321,751	25	2048	02/01/49
100%	106,722	(1,035)	-	105,687	141.942%	150,014	75,007	(270)	(7,474)	67,263	1,345,771	25.5	2049	08/01/49
							75,007	(270)	(7,474)	67,263	1,369,319	26	2049	02/01/50
Total							2,715,991	(9,778)	(270,621)	2,435,592				
Present Value From 08/01/2023							1,526,963	(5,497)	(152,147)	1,369,319				

Appendix C: Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan (TIF Plan) for Tax Increment Financing District No. 35: St. Louis County Jail (the “District”), as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. *Finding that Tax Increment Financing District No. 35: St. Louis County Jail is a redevelopment district as defined in M.S., Section 469.174, Subd. 10.*

The District consists of one parcel and vacant right-of-way, with plans to redevelop the area for the renovation of the former St. Louis County Jail into a 32-unit residential housing apartment building. Parcels consisting of 70 percent of the area of the District are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures and more than 50 percent of the buildings in the District, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance. (See Appendix D of the TIF Plan.)

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 Tax Increment Financing District No. 35: St. Louis County Jail 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 redevelopment proposed in the TIF Plan meets the City’s objectives for redevelopment. Due to the high cost associated to rehabilitation of the former St. Louis County Jail, this project is only feasible through public assistance, in part, from tax increment financing. The developer was asked for and provided a letter and a pro forma as justification that the developer 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 District permitted by the TIF Plan: This finding is justified on the grounds that the cost of building acquisition and rehabilitation for housing substantially adds to the total redevelopment costs. Historically, the costs of construction, specifically renovation costs in the City have made redevelopment infeasible without tax increment assistance. The City reasonably determines that no other redevelopment of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

Therefore, the City concludes as follows:

- a. The City's estimate of the amount by which the market value of the entire District will increase without the use of tax increment financing is \$0.
 - b. If the proposed development occurs, the total increase in market value will be \$4,117,200.
 - c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$1,526,963.
 - d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than \$2,590,237 (the amount in clause b less the amount in clause c) without tax increment assistance.
3. *Finding that the TIF Plan for the 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 June 8, 2021 and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the TIF Plan for Tax Increment Financing District No. 35: St. Louis County Jail will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Development District No. 17 by private enterprise.*

Through the implementation of the TIF Plan, DEDA and the City will facilitate preservation of a historical building, increase housing opportunities for residents, and expand the availability of safe and decent life-cycle housing within the City.

Appendix D: Redevelopment Qualifications for the District

To be added to prior to the public hearing