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Duluth Housing and Redevelopment Authority

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

MODIFICATION TO THE DEVELOPMENT PROGRAM

Project Area No. 1

&

Tax Increment Financing (TIF) Plan

Establishment of Greysolon Plaza

Tax Increment Financing District
(a housing district)



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Modification to the Development Program for Project Area No. 1

FOREWORD

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

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

Tax Increment Financing Plan for the Greysolon Plaza 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 Greysolon Plaza Tax Increment Financing District (the "District"), a housing tax increment financing district, located in Project Area No. 1.

STATUTORY AUTHORITY

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

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

STATEMENT OF OBJECTIVES

The District currently consists of two parcels of land and adjacent roads and internal rights-of-way. The District is being created to facilitate the acquisition and rehabilitation of 150 units of affordable rental housing in the City. The HRA intends to enter into an agreement with OAHS Greysolon, LLC as the developer. Development is anticipated to begin in 2021. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for Project Area No. 1.

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

DEVELOPMENT PROGRAM OVERVIEW

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

1. Property to be Acquired – Although not anticipated at this time, selected property located within the District may be acquired by the HRA.
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
010-0910-00420	Unassigned	OAHS Greysolon, LLC
010-0910-00435	231 E. Superior St.	OAHS Greysolon, LLC

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 150 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 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. 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 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 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 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	417,739	
Original estimated Net Tax Capacity	120,928	
Fiscal Disparities	<u>0</u>	
Estimated Captured Tax Capacity	296,812	
Original Local Tax Rate	<u>141.9420%</u>	Pay 2021
Estimated Annual Tax Increment	\$421,300	
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 \$154,125.

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	\$ 6,367,774
Interest	<u>636,777</u>
TOTAL	\$ 7,004,551

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 \$4,351,494. 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 acquisition and rehabilitation of 150 units of affordable rental housing. The HRA and City have determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described.

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

USES	
Land/Building Acquisition	\$ 3,000,000
Site Improvements/Preparation	150,000
Affordable Housing	450,000
Utilities	50,000
Other Qualifying Improvements	64,717
Administrative Costs (up to 10%)	636,777
PROJECT COSTS TOTAL	\$ 4,351,494
Interest	2,653,057
PROJECT AND INTEREST COSTS TOTAL	\$ 7,004,551

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 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	296,812	0.1442%
City of Duluth	83,567,551	296,812	0.3552%
ISD 709 (Duluth)	93,009,780	296,812	0.3191%

Impact on Tax Rates				
Entity	Pay 2021 Extension Rate	Percent of Total	CTC	Potential Taxes
St. Louis County	66.2640%	46.68%	296,812	\$196,679
City of Duluth	41.6960%	29.38%	296,812	123,759
ISD 709 (Duluth)	28.0170%	19.74%	296,812	83,158
Other	5.9650%	4.20%	296,812	17,705
	141.9420%	100.00%		\$421,300

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 \$6,367,774;
- (2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is not expected. As an acquisition and rehabilitation project, the number of residents at the property will remain the same. No increase in police calls for service are expected.

The probable impact of the District on fire protection is not expected to be significant. The rehabilitated building will include more reliable building systems and a new elevator to ensure safety of the residents. 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 project will not add any new units; therefore, the existing infrastructure will continue to be adequate for the project. 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 \$1,256,893;

- (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 \$2,972,722;
- (5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S. Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

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

SUPPORTING DOCUMENTATION

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

- (i) In making said determination, reliance has been placed upon (1) written representation made by the developer to such effects, (2) review of the developer's proforma; and (3) City staff awareness of the feasibility of developing the project site within the District, which is further outlined in the City Council resolution approving the establishment of the TIF District and Appendix C.
- (ii) A comparative analysis of estimated market value both with and without establishment of the TIF District and the use of tax increments has been performed. Such analysis is included with the cashflow in Appendix B and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the TIF District and the use of tax increments.

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





Printed Date: 8/9/2021

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.



Proposed TIF District (Greysolon Apartments)

-  Proposed TIF District (Greysolon Apartments)
-  Parcel Boundary



0 90 180 Feet

Appendix B: Estimated Cash Flow for the District

Greysolon Plaza - No Inflation

City of Duluth, MN

Acquisition/Rehab Mixed-Use Apartment



ASSUMPTIONS AND RATES

DistrictType: Housing

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	010-0910-00420	OAHS Greysolon, LLC	Unassigned	70,000	0	70,000	100%	70,000	Pay 2022	Aff. Rental	525	Aff. Rental	525	1
				115,400	1,733,300	1,848,700	100%	1,848,700	Pay 2022	C/I Pref.	36,224	C/I Pref.	36,224	
2	010-0910-00435		231 E. Superior St.	250,300	10,973,500	11,223,800	100%	11,223,800	Pay 2022	Aff. Rental	84,179	Aff. Rental	84,179	
				19,200	112,800	132,000	100%	132,000	Pay 2022	Exempt	-	Exempt	-	
				454,900	12,819,600	13,274,500		13,274,500			120,928		120,928	

Note:

1. Base values are for pay 2022 based upon review of County website on 5-25-21.
2. Located in SD # 709

Greysolon Plaza - No Inflation
City of Duluth, MN
Acquisition/Rehab Mixed-Use 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	130,000	130,000	150	19,500,000	Aff. Rental	146,250	975	75%	100%	100%	100%	2025
1	Retail	3,000,000	3,000,000	1	3,000,000	C/I Pref.	59,250	59,250	75%	100%	100%	100%	2025
TOTAL					22,500,000		205,500						
Subtotal Residential				150	19,500,000		146,250						
Subtotal Commercial/Ind.				1	3,000,000		59,250						

Note:

1. Market values are based upon developer estimates from the County Assessor.

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	146,250	0	146,250	207,590	0	0	27,542	235,132	1,567.55
Retail	59,250	0	59,250	84,101	0	20,777	5,650	110,528	110,527.53
TOTAL	205,500	0	205,500	291,691	0	20,777	33,191	345,660	

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	345,660
less State-wide Taxes	(20,777)
less Fiscal Disp. Adj.	0
less Market Value Taxes	(33,191)
less Base Value Taxes	(171,647)
Annual Gross TIF	120,044

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	13,274,500
New Market Value - Est.	22,500,000
Difference	9,225,500
Present Value of Tax Increment	3,432,289
Difference	5,793,211
Value likely to occur without Tax Increment is less than:	5,793,211



Greysolon Plaza - No Inflation

City of Duluth, MN

Acquisition/Rehab Mixed-Use 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%	154,125	(120,928)	-	33,198	141.942%	47,121	23,561	(85)	(2,348)	21,128	20,308	0.5	2024	02/01/24	
							23,561	(85)	(2,348)	21,128	40,217	1	2024	02/01/25	
100%	205,500	(120,928)	-	84,573	141.942%	120,044	60,022	(216)	(5,981)	53,825	89,944	1.5	2025	08/01/25	
							60,022	(216)	(5,981)	53,825	138,695	2	2025	02/01/26	
100%	211,665	(120,928)	-	90,738	141.942%	128,795	64,397	(232)	(6,417)	57,749	189,974	2.5	2026	08/01/26	
							64,397	(232)	(6,417)	57,749	240,248	3	2026	02/01/27	
100%	218,015	(120,928)	-	97,087	141.942%	137,808	68,904	(248)	(6,866)	61,790	292,986	3.5	2027	08/01/27	
							68,904	(248)	(6,866)	61,790	344,689	4	2027	02/01/28	
100%	224,555	(120,928)	-	103,628	141.942%	147,092	73,546	(265)	(7,328)	65,953	398,793	4.5	2028	08/01/28	
							73,546	(265)	(7,328)	65,953	451,837	5	2028	02/01/29	
100%	231,292	(120,928)	-	110,365	141.942%	156,654	78,327	(282)	(7,804)	70,240	507,221	5.5	2029	08/01/29	
							78,327	(282)	(7,804)	70,240	561,519	6	2029	02/01/30	
100%	238,231	(120,928)	-	117,303	141.942%	166,503	83,251	(300)	(8,295)	74,656	618,099	6.5	2030	08/01/30	
							83,251	(300)	(8,295)	74,656	673,570	7	2030	02/01/31	
100%	245,378	(120,928)	-	124,450	141.942%	176,647	88,324	(318)	(8,801)	79,205	731,267	7.5	2031	08/01/31	
							88,324	(318)	(8,801)	79,205	787,832	8	2031	02/01/32	
100%	252,739	(120,928)	-	131,812	141.942%	187,096	93,548	(337)	(9,321)	83,890	846,568	8.5	2032	08/01/32	
							93,548	(337)	(9,321)	83,890	904,153	9	2032	02/01/33	
100%	260,321	(120,928)	-	139,394	141.942%	197,858	98,929	(356)	(9,857)	88,716	963,856	9.5	2033	08/01/33	
							98,929	(356)	(9,857)	88,716	1,022,389	10	2033	02/01/34	
100%	268,131	(120,928)	-	147,203	141.942%	208,943	104,472	(376)	(10,410)	93,686	1,082,988	10.5	2034	08/01/34	
							104,472	(376)	(10,410)	93,686	1,142,400	11	2034	02/01/35	
100%	276,175	(120,928)	-	155,247	141.942%	220,361	110,181	(397)	(10,978)	98,806	1,203,830	11.5	2035	08/01/35	
							110,181	(397)	(10,978)	98,806	1,264,055	12	2035	02/01/36	
100%	284,460	(120,928)	-	163,533	141.942%	232,121	116,061	(418)	(11,564)	104,079	1,326,250	12.5	2036	08/01/36	
							116,061	(418)	(11,564)	104,079	1,387,225	13	2036	02/01/37	
100%	292,994	(120,928)	-	172,066	141.942%	244,234	122,117	(440)	(12,168)	109,510	1,450,125	13.5	2037	08/01/37	
							122,117	(440)	(12,168)	109,510	1,511,791	14	2037	02/01/38	
100%	301,784	(120,928)	-	180,856	141.942%	256,711	128,355	(462)	(12,789)	115,104	1,575,337	14.5	2038	08/01/38	
							128,355	(462)	(12,789)	115,104	1,637,637	15	2038	02/01/39	
100%	310,837	(120,928)	-	189,910	141.942%	269,562	134,781	(485)	(13,430)	120,866	1,701,772	15.5	2039	08/01/39	
							134,781	(485)	(13,430)	120,866	1,764,650	16	2039	02/01/40	
100%	320,162	(120,928)	-	199,235	141.942%	282,798	141,399	(509)	(14,089)	126,801	1,829,322	16.5	2040	08/01/40	
							141,399	(509)	(14,089)	126,801	1,892,726	17	2040	02/01/41	
100%	329,767	(120,928)	-	208,840	141.942%	296,431	148,216	(534)	(14,768)	132,914	1,957,884	17.5	2041	08/01/41	
							148,216	(534)	(14,768)	132,914	2,021,763	18	2041	02/01/42	
100%	339,660	(120,928)	-	218,733	141.942%	310,474	155,237	(559)	(15,468)	139,210	2,087,357	18.5	2042	08/01/42	
							155,237	(559)	(15,468)	139,210	2,151,665	19	2042	02/01/43	
100%	349,850	(120,928)	-	228,922	141.942%	324,937	162,469	(585)	(16,188)	145,695	2,217,649	19.5	2043	08/01/43	
							162,469	(585)	(16,188)	145,695	2,282,340	20	2043	02/01/44	
100%	360,345	(120,928)	-	239,418	141.942%	339,835	169,917	(612)	(16,931)	152,375	2,348,669	20.5	2044	08/01/44	
							169,917	(612)	(16,931)	152,375	2,413,698	21	2044	02/01/45	
100%	371,156	(120,928)	-	250,228	141.942%	355,179	177,590	(639)	(17,695)	159,255	2,480,330	21.5	2045	08/01/45	
							177,590	(639)	(17,695)	159,255	2,545,656	22	2045	02/01/46	
100%	382,291	(120,928)	-	261,363	141.942%	370,984	185,492	(668)	(18,482)	166,342	2,612,551	22.5	2046	08/01/46	
							185,492	(668)	(18,482)	166,342	2,678,135	23	2046	02/01/47	
100%	393,759	(120,928)	-	272,832	141.942%	387,263	193,631	(697)	(19,293)	173,641	2,745,253	23.5	2047	08/01/47	
							193,631	(697)	(19,293)	173,641	2,811,056	24	2047	02/01/48	
100%	405,572	(120,928)	-	284,645	141.942%	404,030	202,015	(727)	(20,129)	181,159	2,878,362	24.5	2048	08/01/48	
							202,015	(727)	(20,129)	181,159	2,944,348	25	2048	02/01/49	
100%	417,739	(120,928)	-	296,812	141.942%	421,300	210,650	(758)	(20,989)	188,903	3,011,805	25.5	2049	08/01/49	
							210,650	(758)	(20,989)	188,903	3,077,940	26	2049	02/01/50	
Total							6,390,781	(23,007)	(636,777)	5,730,997					
Present Value From 08/01/2023 Present Value Rate 4.00%							3,432,289	(12,356)	(341,993)	3,077,940					

Appendix C: Findings Including But/For Qualifications

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

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

Greysolon Plaza Tax Increment Financing District consists of two parcels. The development will consist of the acquisition and rehabilitation of 150 units of affordable rental housing, 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 Greysolon Plaza 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 and building acquisition, and construction makes this housing development infeasible without City assistance. The cost of 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 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 TIF District permitted by the TIF Plan: This finding is justified on the grounds that the cost of land acquisition, site and public improvements, utilities and construction of affordable housing add to the total development cost. Historically, the costs of acquisition and construction, as well as reduced rents required for affordable workforce housing in the City have made development infeasible without tax increment assistance. The City reasonably determines that no other development of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

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

The Planning Commission reviewed the TIF Plan on 08/10/2021 and found that the TIF Plan conforms to the general development plan of the City. **OR** The City Council reviewed the TIF Plan and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the TIF Plan for Greysolon Plaza 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.