

Section 2. Findings for the Establishment of Brewery Creek Apartments Tax Increment Financing District

2.01. The Council hereby finds, based on information contained in the TIF Plan, that the Brewery Creek Apartments Tax Increment Financing District is in the public interest and is a “housing district” under Minnesota Statutes, Section 469.174 Subd. 11 of the Act.

2.02. The Council further finds, based on the information contained in the TIF Plan, that the proposed development would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future, that the TIF Plan conforms to the general plan for development or redevelopment of the City as a whole; and that the TIF Plan will afford maximum opportunity consistent with the sound needs of the City as a whole, for the development or redevelopment of the District by private enterprise.

2.03. The reasons and supporting facts for the above findings have been set forth in writing in the TIF Plan.

Section 3. Public Purpose

3.01. The adoption of the TIF Plan conforms in all respects to the requirements of the Act and will help fulfill a need to develop an area of the City which is already built up, to provide housing opportunities, to improve the tax base and to improve the general economy of the State and thereby serves a public purpose. For the reasons described in the TIF Plan, the City believes these benefits directly derive from the tax increment assistance provided under the TIF Plan. A private developer will receive only the assistance needed to make this development financially feasible. As such, any private benefits received by a developer are incidental and do not outweigh the primary public benefits.

Section 4. Approval and Adoption of the TIF Plan

4.01. The TIF Plan, as presented to the Council on this date, including without limitation the findings and statements of objectives contained therein, is hereby approved, ratified, established, and adopted and shall be placed on file in the office of the HRA Executive Director.

4.02. The staff of the City, the City’s advisors and legal counsel are authorized and directed to proceed with the implementation of the TIF Plan and to negotiate, draft, prepare and present to this Council for its consideration all further plans, resolutions, documents and contracts necessary for this purpose.

4.03. The Auditor of St. Louis County is requested to certify the original net tax capacity of the District, as described in the TIF Plan, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased; and the Housing and Redevelopment Authority of Duluth is authorized and directed to forthwith transmit this request to the County Auditor in such form and content as the Auditor may specify, together with a list of all properties within the District, for which building permits have been issued during the 18 months immediately preceding the adoption of this resolution.

4.04. The HRA Executive Director is further authorized and directed to file a copy of the TIF Plan with the Commissioner of the Minnesota Department of Revenue and the Office of the State Auditor pursuant to Minnesota Statutes 469.175 Subd. 4a.

STATEMENT OF PURPOSE: This resolution approves the Tax Increment Financing Plan for the Brewery Creek Apartments Tax Increment Financing District, as required by the TIF Act. The TIF District is a housing district related to the Brewery Creek Apartments multi-family residential project located at the corner of 6th Avenue East and East 4th Street, and will result in 52 units of housing for low- and moderate-income persons earning between 30-60% of the Area Median Income.

The total development cost is estimated to be \$19,405,266. HRA will provide up to \$732,137 of the TIF generated by this project plus interest at the rate of 4.63% to pay for public eligible costs of development on a pay-as-you-go basis. The term of the TIF Note is for a period of twenty six (26) years from the date of receipt by HRA from the St. Louis County Auditor’s Office of the first payment of Captured Tax Increment, or until the principle interest on the TIF Note has been paid in full, whichever is sooner.

Tax base impact statement: The current market value (2021, payable 2022) of the properties located in this 26-year Housing TIF District (to be created by HRA) is \$1,172,100 and the property will generate \$22,242 in net tax capacity. After the improvements are completed, the taxable market value will increase to approximately \$5,980,000 and the annual tax increment will be provided to the Developer to facilitate the development. After the TIF District is terminated, the development is anticipated to generate over \$44,850 per year in net tax capacity (based on the County Assessor's valuation of the completed property, not including inflation).