



## Legislation Text

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**File #:** 19-0834R, **Version:** 1

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RESOLUTION APPROVING A TAX INCREMENT FINANCING PLAN FOR THE DECKER DWELLINGS TAX INCREMENT FINANCING DISTRICT AS PROPOSED BY THE HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA.

**CITY PROPOSAL:**

BE IT RESOLVED by the City Council (the "Council") of the City of Duluth, Minnesota (the "City"), as follows:

Section 1. Recitals.

1.01. The Board of Commissioners of the Housing and Redevelopment Authority of Duluth (the "HRA") has heretofore established Project Area No. 1 and adopted a Housing Development Plan therefor. It has been proposed by the HRA that the HRA establish the Decker Dwellings Tax Increment Financing District (the "District") within Project Area No. 1 and adopt a Tax Increment Financing Plan (the "TIF Plan") therefor; all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.001 to 469.047 and Sections 469.174 to 469.1794, all inclusive, as amended, (the "Act") all as reflected in the TIF Plan attached hereto as Exhibit A, and presented for the Council's consideration.

1.02. The HRA has investigated the facts relating to the TIF Plan and have caused the TIF Plan to be prepared.

1.03. The HRA has performed all actions required by law to be performed prior to the establishment of the District and the adoption and approval of the proposed TIF Plan, including, but not limited to, notification of St. Louis County and Independent School District No. 709 having taxing jurisdiction over the property to be included in the District, a review of and written comment on the TIF Plan by the City Planning Commission, approval of the TIF Plan by the HRA on November 26, 2019, and the holding of a public hearing upon published notice as required by law.

1.04. Certain written reports (the "Reports") relating to the TIF Plan and to the activities contemplated therein have heretofore been prepared by staff and consultants and submitted to the Council and/or made a part of the City files and proceedings on the TIF Plan. The Reports include data, information and/or substantiation constituting or relating to the basis for the other findings and determinations made in this resolution. The Council hereby confirms, ratifies and adopts the Reports, which are hereby incorporated into and made as fully a part of this resolution to the same extent as if set forth in full herein.

Section 2. Findings for the Establishment of Decker Dwellings Tax Increment Financing District.

2.01. The Council hereby finds, based on information contained in the TIF Plan, that the Decker Dwellings 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 the 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 Appendix C of 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 Appendix C of 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 Decker Dwellings Tax Increment Financing District, as required by the TIF Act. The TIF District is a housing district and will provide housing, in part, for low and moderate income persons. The proposed project will consist of 42 one, two and three-bedroom units of affordable housing, 9 of which will be available for section eight vouchers to serve people who are homeless or disabled. The units will be available for rent, on average, to those earning 60% of the Area Median Income; half of the units will be available to those earning 50% of the Area Median Income or less.

The Development Agreement proposes tax increment assistance of up to \$480,000 or 15 years, whichever is sooner. The project has been awarded funding from Minnesota Housing Finance Agency (MHFA): the proposed TIF district provides the local match that secures the MHFA award, rendering the approximately \$11 million affordable housing project feasible.