



Legislation Text

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RESOLUTION ADOPTING AN AMENDMENT TO THE TAX INCREMENT FINANCING PLAN FOR TAX INCREMENT FINANCING DISTRICT NO. 16 (COUNTY NO. 57).

CITY PROPOSAL:

BE IT RESOLVED by the city council ("council") of the city of Duluth, Minnesota ("city"), as follows:

Section 1. Recitals

1.01. The board of commissioners ("board") of the Duluth Economic Development Authority ("DEDA") has heretofore established a redevelopment plan/municipal development district with the city (the "project area") and adopted a plan therefor. It has been proposed by DEDA and the city that the city adopt an amendment to the tax increment financing plan (the "TIF plan") for tax increment financing district No. 16 (the "TIF district") which is referred to herein as the "amendment" and attached hereto as Exhibit A, pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.090 to 469.1082 and Sections 469.174 to 469.1799, all inclusive, as amended, (the "act") all as reflected in the amendment, and presented for the council's consideration.

1.02. DEDA and city have investigated the facts relating to the amendment and have caused the amendment to be prepared.

1.03. DEDA and city have performed all actions required by law to be performed prior to the adoption and approval of the proposed amendment, including, but not limited to, notification of St. Louis County and Independent School District No. 709, having taxing jurisdiction over the property in the TIF district, approval of the amendment by DEDA on August 23, 2017, notification of the county commissioner who represents part of the area included in the TIF district, and the holding of a public hearing upon published notice as required by law.

Section 2. Findings for the amendment to the TIF plan.

2.01 The council hereby reaffirms the original findings for the TIF district, namely that when it was established, it was established as a "qualified housing district."

2.02 The amendment to the TIF plan is being completed to amend the budget of the TIF district. DEDA is not modifying the boundaries or extending the term of the TIF district.

2.03 The modifications to the TIF plan conform to the general plan for development or redevelopment of the city as a whole. The fact supporting this finding is that the amendment to the TIF plan will generally complement and serve to implement policies adopted in the city's comprehensive plan.

2.04 The modifications to 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 project area by private enterprise. The facts supporting this finding are that the amendment to the TIF plan will continue the redevelopment that has been stimulated under the original plan for the TIF district.

2.05 The council further finds the future development or redevelopment, in the opinion of the city, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and therefore the use of tax increment financing is deemed necessary.

Section 3. Public purpose.

3.01. The adoption of the amendment conforms in all respects to the requirements of the act and will help to provide housing opportunities, to improve the tax base and to improve the general economy of the state and thereby serves a public purpose.

Section 4. Approval and adoption of the modifications.

4.01. The amendment, as presented to the council on this date, is hereby approved, ratified, adopted and shall be placed on file in the office of the executive director of DEDA ("director"), 402 city hall, 411 west first street, Duluth, MN 55802.

4.02. The staff, the city's advisors and legal counsel are authorized and directed to proceed with the implementation of the amendment and for this purpose to negotiate, draft, prepare and present to this council for its consideration all further amendments, resolutions, documents and contracts necessary for this purpose. Approval of the amendment does not constitute approval of any project or a development agreement with any developer.

4.03. The director is authorized and directed to forward a copy of the amendment to the commissioner of the Minnesota department of revenue and the office of the state auditor pursuant to M.S., Section 469.175, Subd. 4a.

4.04. The director is further authorized and directed to file a copy of the amendment with the St. Louis county auditor.....

STATEMENT OF PURPOSE: In 1994, Artspace Projects, Inc. proposed the creation of an approximately 36-unit low- and moderate-income housing development for artists and their families to be constructed through renovation of the former Washington Junior High School. It was proposed that a portion of the building be owned and renovated by the City as community space targeted to provide recreational and cultural programs for children, youth and families.

Artspace requested tax increment financing assistance from DEDA for the housing portion of development. Tax Increment Financing District No. 16 was created in 1994 to assist with the development activities. The TIF District is depicted on the attached map. The budget set forth in the TIF Plan was an estimate in 1994 of the anticipated tax increment the district would generate. In fact, the district will generate more increment than was set forth in the plan. In order for DEDA to be able to continue to have access to those revenues to further address housing needs in the area, the TIF Plan must be amended to increase the budget. The purpose of this resolution is to amend the budget of TIF District #16 Plan to allow for further uses of the tax increment, in particular to support affordable housing through rehabilitation, or through demolition and new construction.