



Legislation Text

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RESOLUTION APPROVING A TAX INCREMENT FINANCING PLAN FOR THE GREYSOLON PLAZA APARTMENTS 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 Greysolon Plaza Apartments 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. HRA and City have investigated the facts relating to the TIF Plan and HRA has caused the TIF Plan to be prepared.

1.03. HRA and City have 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 Program and Plan by the City Planning Commission, approval of the TIF Plan by HRA on August 31, 2021, 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 accepts 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.

1.05 Pursuant to Minnesota Statutes, Section 469.175 subd. 3, prior to the establishment of the District and final approval of the Plan, the City Council is required to approve the Plan after holding a public hearing in accordance with Statute.

Section 2. Findings for the Establishment of Greysolon Plaza Apartments Tax Increment Financing District

2.01. The Council hereby finds, based on information contained in the TIF Plan, that the Greysolon 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 redevelop an area of the City which is already built up, to provide housing opportunities, to improve the tax based 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 and shall be placed on file in the office of the HRA Executive Director.

4.02. 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.

4.03. The HRA Executive Director will file a copy of the TIF Plan with the Commissioner of the Minnesota Department of Revenue and the Office of the Statute Auditor pursuant to Minnesota Statutes 469.175 Subd. 4a.

STATEMENT OF PURPOSE: This resolution approves the Tax Increment Financing Plan for the Greysolon Plaza Apartments Tax Increment Financing District, as required by the TIF Act. The TIF District is a housing district related to the Greysolon Plaza Apartments redevelopment project located at 227 East Superior Street, and will result in the preservation of 150 units of affordable section 8 housing for seniors 62+.

The total development cost is estimated to be \$30,536,833. HRA will provide up to \$975,000 of the TIF generated by this project plus interest at the rate of 4.10% 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 up to 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 \$13,274,500 and the property will generate \$120,928 in net tax capacity. After the improvements are completed, the taxable market value will increase to approximately \$22,500,000 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 \$205,500 per year in net tax capacity (based on the County Assessor's valuation of the completed property, not including inflation).