

Adoption Date: March 14, 2022

Columbia Heights Economic Development Authority

**City of Columbia Heights,
Anoka County, Minnesota**

MODIFICATION TO THE Downtown Central Business District Revitalization Plan

**For the Downtown Central Business District
Redevelopment Project**

&

Tax Increment Financing (TIF) Plan

**Establishment of 42nd and Jackson
Tax Increment Financing District
(a housing district)**



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Modification to the Downtown Central Business District Revitalization Plan for the Downtown Central Business District Redevelopment Project

FOREWORD

The following text represents a Modification to the Downtown Central Business District Revitalization Plan for Downtown Central Business District Redevelopment Project. From and after the date of adoption of this modification, the names of the plan and project are the “Downtown Central Business District Revitalization Plan” and the “Downtown Central Business District Redevelopment Project”. This modification represents a continuation of the goals and objectives set forth in the Downtown Central Business District Revitalization Plan for the Downtown Central Business District Redevelopment Project. Generally, the substantive changes include the establishment of the 42nd and Jackson Tax Increment Financing District (Reuter Walton).

For further information, a review of the Downtown Central Business District Revitalization Plan for the Downtown Central Business District Redevelopment Project, is recommended. It is available from the Community Development Director at the City of Columbia Heights. Other relevant information is contained in the Tax Increment Financing Plans for the Tax Increment Financing Districts located within Downtown Central Business District Redevelopment Project.

Tax Increment Financing Plan for the 42nd and Jackson Tax Increment Financing District (Reuter Walton)

FOREWORD

The Columbia Heights Economic Development Authority (the "EDA"), the City of Columbia Heights (the "City"), staff and consultants have prepared the following information to expedite the Establishment of the 42nd and Jackson Tax Increment Financing District (the "District"), a housing tax increment financing district, located in the Downtown Central Business District Redevelopment Project.

STATUTORY AUTHORITY

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the EDA and City have certain statutory powers pursuant to *Minnesota Statutes ("M.S."), Sections 469.090 - 469.1082*, 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 Downtown Central Business District Revitalization Plan for the Downtown Central Business District Redevelopment Project.

STATEMENT OF OBJECTIVES

The District will consist of one (1) parcel of land and adjacent roads and internal rights-of-way after the parcel subdivision is completed. The District is being created to facilitate the construction of a 62-unit residential apartment building in the City. The EDA intends to enter into an agreement with Reuter Walton as the developer. Development is anticipated to begin in the summer of 2022. This TIF Plan is expected to achieve many of the objectives outlined in the Downtown CBD Revitalization Plan for the Downtown Central Business District Redevelopment Project.

The activities contemplated in the Modification to the Downtown Central Business District Revitalization Plan 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 the Downtown Central Business District Redevelopment Project and the District.

DOWNTOWN CENTRAL BUSINESS DISTRICT REVITALIZATION PLAN OVERVIEW

Pursuant to the Downtown Central Business District Revitalization Plan and authorizing state statutes, the EDA or City is authorized to undertake the following activities in the District:

1. Property to be Acquired - The City currently owns the parcel of land to be subdivided and included within the District.
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 City may sell to a developer the subdivided land to be included within the District or may lease land or facilities to a developer.
4. The EDA 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 a portion of parcel number 35-30-24-14-0151. This portion along with adjacent roads rights-of-way and abutting roadways identified by the parcel listed below.

Parcel number	Address	Owner
35-30-24-14-0151*	825 41st Ave NE	City of CH

*Parcel will be subdivided into three parcels, one of which will be located within the District.

In addition, the parcel listed above is currently located within TIF District No. 9 (Transition Block Redevelopment Project – Crest View/Real Estate Equities Project). It will be removed from this district prior to establishment of the 42nd and Jackson TIF District (Reuter Walton), and thereafter subdivided into three parcels, one of which will be located in the District.

Please also see the map in Appendix A for further information on the location of the District.

The EDA 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 EDA 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 EDA 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.

The City currently owns the parcel of property to be included in the District.

DISTRICT CLASSIFICATION

The EDA 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 will consist of one (1) parcel
- The development will consist of 62 units of multi-family rental housing
- At least 40% of the units will be occupied by persons with incomes of 60% or less of area median income
- No more than 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 EDA (a total of 26 years of tax increment). The EDA 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 EDA 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 by June 30 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 within the district and any subdistrict;
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 EDA.

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 the Downtown Central Business District Redevelopment Project, upon completion of the project within the District, will be in the annual approximate amount shown in the table below. The EDA requests 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	122,362	
Original estimated Net Tax Capacity	5,250	
Fiscal Disparities	<u>0</u>	
Estimated Captured Tax Capacity	117,112	
Original Local Tax Rate	<u>126.6390%</u>	Pay 2022 Prelim
Estimated Annual Tax Increment	\$148,310	
Percent Retained by the City	100%	

Note: Tax capacity includes a 3.0% 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 \$15,500.

Pursuant to *M.S., Section 469.177, Subd. 4*, the EDA shall, after a 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 EDA has reviewed the area to be included in the District and determined no 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	\$ 2,599,298
Interest	<u>259,930</u>
TOTAL	\$ 2,859,228

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The EDA 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 EDA to incur debt. The EDA will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The EDA 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 \$2,010,851. 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 construction of a 62-unit residential apartment building. The EDA and City have determined that it will be necessary to provide assistance to the project for certain District costs, as described.

The EDA 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	\$ 150,000
Site Improvements/Preparation	100,000
Affordable Housing	200,000
Utilities	1,250,000
Other Qualifying Improvements	50,921
Administrative Costs (up to 10%)	259,930
PROJECT COSTS TOTAL	\$ 2,010,851
Interest	848,377
PROJECT AND INTEREST COSTS TOTAL	\$ 2,859,228

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 EDA may expend funds for qualified housing activities outside of the District boundaries.

FISCAL DISPARITIES ELECTION

Pursuant to *M.S., Section 469.177, Subd. 3*, the EDA or City may elect one of two methods to calculate fiscal disparities.

The EDA will choose to calculate fiscal disparities by clause b (inside).

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 EDA 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	2021/Pay 2022 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) upon completion	Percent of CTC to Entity Total
Anoka County	410,733,169	117,112	0.0285%
City of Columbia Heights	16,309,127	117,112	0.7181%
ISD 13 (Columbia Heights)	22,206,849	117,112	0.5274%

Impact on Tax Rates				
Entity	Pay 2022 Prelim. Extension Rate	Percent of Total	CTC	Potential Taxes
Anoka County	27.5730%	21.77%	117,112	\$ 32,291
City of Columbia Heights	67.2230%	53.08%	117,112	78,726
ISD 13 (Columbia Heights)	24.8920%	19.66%	117,112	29,152
Other	6.9510%	5.49%	117,112	8,140
	126.6390%	100.00%		\$148,310

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Preliminary Pay 2022 rate. The total net capacity for the entities listed above are based on Pay 2022 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 \$2,599,298;
- (2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is expected. With any addition of new residents or businesses, police calls for service will be increased. New developments add an increase in traffic, and additional overall demands to the call load. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The probable impact of the District on fire protection is not expected to be significant. Typically, new buildings generate few calls, if any, and are of superior construction. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The District may impact the public infrastructure. The development is not expected to significantly impact any traffic movements in the area or the existing sanitary sewer and water infrastructure. However, the EDA and City expect there to be an impact on storm sewer infrastructure as a result of the proposed development. 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 \$510,915;
- (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 \$565,943;
- (5) Additional information requested by the county or school district. The EDA and City are 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

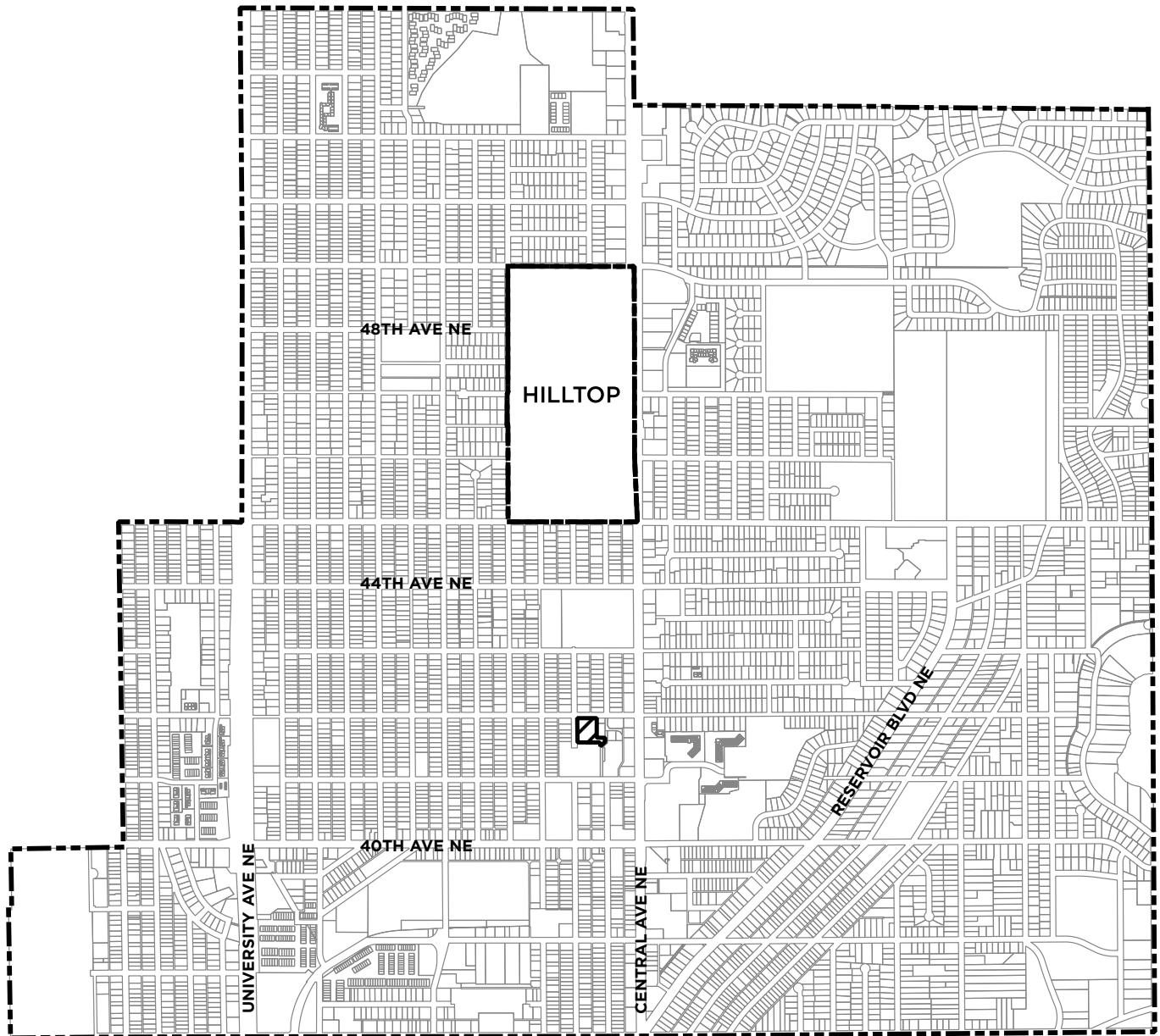
Administration of the District will be handled by the Community Development Director.

Appendix A: Map of the Downtown Central Business District Redevelopment Project and the TIF District

42nd & Jackson Tax Increment Financing District (Reuter Walton)

Downtown Central Business District (CBD)

City of Columbia Heights
Anoka County, Minnesota



Legend

-  TIF District
-  Municipal Boundaries
-  Parcels



The boundaries of the CBD Redevelopment Project are coterminous with the corporate limits of the City of Columbia Heights.

Appendix B: Estimated Cash Flow for the District

42nd & Jackson TIF District (Reuter Walton)
City of Columbia Heights, MN
62-Unit Affordable 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:	3.00%
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 Developmen	2024
Years of Tax Increment	26
Assumes Last Year of Tax Increment	2049
Fiscal Disparities Election [Outside (A), Inside (B), or N/A]	Inside(B)
Incremental or Total Fiscal Disparities	Incremental
Fiscal Disparities Contribution Ratio	33.1759% Pay 2022 Prelim
Fiscal Disparities Metro-Wide Tax Rate	132.5960% Pay 2022 Prelim
Maximum/Frozen Local Tax Rate:	126.639% Pay 2022 Prelim
Current Local Tax Rate: (Use lesser of Current or Max.)	126.639% Pay 2022 Prelim
State-wide Tax Rate (Comm./Ind. only used for total tax)	37.0000% Pay 2022 Prelim
Market Value Tax Rate (Used for total taxes)	0.10407% Pay 2022 Prelim

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 \$100,000		0.75%
Over \$100,000		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	35-30-24-14-0151	City of CH	825 41st Ave NE	2,692,300	0	2,692,300	26%	700,000	Pay 2022	Exempt	-	Aff. Rental	5,250	1
				2,692,300	0	2,692,300		700,000			0		5,250	

Note:

1. Base values are based upon estimate received from the County Assessor's office on 6-9-21.
2. Located in SD # 13 and Mississippi WS (UTA 140131)

42nd & Jackson TIF District (Reuter Walton)

City of Columbia Heights, MN
62-Unit Affordable 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	200,000	200,000	62	12,400,000	Aff. Rental	62,000	1,000	25%	75%	100%	100%	2026
TOTAL					12,400,000		62,000						
Subtotal Residential				62	12,400,000		62,000						
Subtotal Commercial/Ind.				0	0		0						

Note:

1. Market values are based upon estimates received from the County Assessor's office on 6-9-21.

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	62,000	0	62,000	78,516	0	0	6,452	84,969	1,370.46
TOTAL	62,000	0	62,000	78,516	0	0	6,452	84,969	

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	84,969
less State-wide Taxes	0
less Fiscal Disp. Adj.	0
less Market Value Taxes	(6,452)
less Base Value Taxes	(6,649)
Annual Gross TIF	71,868

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	700,000
New Market Value - Est.	12,400,000
Difference	11,700,000
Present Value of Tax Increment	1,662,642
Difference	10,037,358
Value likely to occur without Tax Increment is less than:	10,037,358



42nd & Jackson TIF District (Reuter Walton)

City of Columbia Heights, MN

62-Unit Affordable Apartment

TAX INCREMENT CASH FLOW														
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	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%	15,500	(5,250)	-	10,250	126.639%	12,980	6,490	(23)	(647)	5,820	5,649	0.5	2024	08/01/24
							6,490	(23)	(647)	5,820	11,215	1	2024	02/01/25
100%	46,500	(5,250)	-	41,250	126.639%	52,239	26,119	(94)	(2,603)	23,423	33,284	1.5	2025	08/01/25
							26,119	(94)	(2,603)	23,423	55,026	2	2025	02/01/26
100%	62,000	(5,250)	-	56,750	126.639%	71,868	35,934	(129)	(3,580)	32,224	84,497	2.5	2026	08/01/26
							35,934	(129)	(3,580)	32,224	113,531	3	2026	02/01/27
100%	63,860	(5,250)	-	58,610	126.639%	74,223	37,112	(134)	(3,698)	33,280	143,074	3.5	2027	08/01/27
							37,112	(134)	(3,698)	33,280	172,181	4	2027	02/01/28
100%	65,776	(5,250)	-	60,526	126.639%	76,649	38,325	(138)	(3,819)	34,368	201,795	4.5	2028	08/01/28
							38,325	(138)	(3,819)	34,368	230,971	5	2028	02/01/29
100%	67,749	(5,250)	-	62,499	126.639%	79,148	39,574	(142)	(3,943)	35,488	260,653	5.5	2029	08/01/29
							39,574	(142)	(3,943)	35,488	289,896	6	2029	02/01/30
100%	69,782	(5,250)	-	64,532	126.639%	81,722	40,861	(147)	(4,071)	36,643	319,645	6.5	2030	08/01/30
							40,861	(147)	(4,071)	36,643	348,953	7	2030	02/01/31
100%	71,875	(5,250)	-	66,625	126.639%	84,373	42,187	(152)	(4,203)	37,831	378,766	7.5	2031	08/01/31
							42,187	(152)	(4,203)	37,831	408,137	8	2031	02/01/32
100%	74,031	(5,250)	-	68,781	126.639%	87,104	43,552	(157)	(4,340)	39,056	438,011	8.5	2032	08/01/32
							43,552	(157)	(4,340)	39,056	467,444	9	2032	02/01/33
100%	76,252	(5,250)	-	71,002	126.639%	89,916	44,958	(162)	(4,480)	40,317	497,378	9.5	2033	08/01/33
							44,958	(162)	(4,480)	40,317	526,869	10	2033	02/01/34
100%	78,540	(5,250)	-	73,290	126.639%	92,813	46,407	(167)	(4,624)	41,616	556,861	10.5	2034	08/01/34
							46,407	(167)	(4,624)	41,616	586,410	11	2034	02/01/35
100%	80,896	(5,250)	-	75,646	126.639%	95,797	47,899	(172)	(4,773)	42,954	616,458	11.5	2035	08/01/35
							47,899	(172)	(4,773)	42,954	646,062	12	2035	02/01/36
100%	83,323	(5,250)	-	78,073	126.639%	98,871	49,435	(178)	(4,926)	44,332	676,164	12.5	2036	08/01/36
							49,435	(178)	(4,926)	44,332	705,821	13	2036	02/01/37
100%	85,822	(5,250)	-	80,572	126.639%	102,036	51,018	(184)	(5,083)	45,751	735,976	13.5	2037	08/01/37
							51,018	(184)	(5,083)	45,751	765,684	14	2037	02/01/38
100%	88,397	(5,250)	-	83,147	126.639%	105,297	52,648	(190)	(5,246)	47,213	795,889	14.5	2038	08/01/38
							52,648	(190)	(5,246)	47,213	825,648	15	2038	02/01/39
100%	91,049	(5,250)	-	85,799	126.639%	108,655	54,328	(196)	(5,413)	48,719	855,902	15.5	2039	08/01/39
							54,328	(196)	(5,413)	48,719	885,709	16	2039	02/01/40
100%	93,781	(5,250)	-	88,531	126.639%	112,114	56,057	(202)	(5,586)	50,270	916,010	16.5	2040	08/01/40
							56,057	(202)	(5,586)	50,270	945,864	17	2040	02/01/41
100%	96,594	(5,250)	-	91,344	126.639%	115,677	57,839	(208)	(5,763)	51,867	976,211	17.5	2041	08/01/41
							57,839	(208)	(5,763)	51,867	1,006,109	18	2041	02/01/42
100%	99,492	(5,250)	-	94,242	126.639%	119,347	59,673	(215)	(5,946)	53,513	1,036,501	18.5	2042	08/01/42
							59,673	(215)	(5,946)	53,513	1,066,443	19	2042	02/01/43
100%	102,477	(5,250)	-	97,227	126.639%	123,127	61,563	(222)	(6,134)	55,208	1,096,877	19.5	2043	08/01/43
							61,563	(222)	(6,134)	55,208	1,126,861	20	2043	02/01/44
100%	105,551	(5,250)	-	100,301	126.639%	127,020	63,510	(229)	(6,328)	56,953	1,157,336	20.5	2044	08/01/44
							63,510	(229)	(6,328)	56,953	1,187,360	21	2044	02/01/45
100%	108,717	(5,250)	-	103,467	126.639%	131,030	65,515	(236)	(6,528)	58,751	1,217,875	21.5	2045	08/01/45
							65,515	(236)	(6,528)	58,751	1,247,939	22	2045	02/01/46
100%	111,979	(5,250)	-	106,729	126.639%	135,160	67,580	(243)	(6,734)	60,603	1,278,492	22.5	2046	08/01/46
							67,580	(243)	(6,734)	60,603	1,308,594	23	2046	02/01/47
100%	115,338	(5,250)	-	110,088	126.639%	139,415	69,707	(251)	(6,946)	62,511	1,339,185	23.5	2047	08/01/47
							69,707	(251)	(6,946)	62,511	1,369,323	24	2047	02/01/48
100%	118,798	(5,250)	-	113,548	126.639%	143,797	71,898	(259)	(7,164)	64,476	1,399,949	24.5	2048	08/01/48
							71,898	(259)	(7,164)	64,476	1,430,123	25	2048	02/01/49
100%	122,362	(5,250)	-	117,112	126.639%	148,310	74,155	(267)	(7,389)	66,499	1,460,783	25.5	2049	08/01/49
							74,155	(267)	(7,389)	66,499	1,490,991	26	2049	02/01/50
Total							2,608,689	(9,391)	(259,930)	2,339,368				
Present Value From 08/01/2023							1,662,642	(5,986)	(165,666)	1,490,991				

Appendix C: Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for 42nd and Jackson Tax Increment Financing District, as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. *Finding that 42nd and Jackson Tax Increment Financing District is a housing district as defined in M.S., Section 469.174, Subd. 11.*

42nd and Jackson Tax Increment Financing District consists of one (1) parcel. The development will consist of the construction of a 62-unit residential apartment building, all or 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 be occupied by persons with 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.*

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 acquisition, site and public improvements and utilities makes this housing development infeasible without City assistance. Due to decreased rental income from affordable units, there is insufficient cash flow to provide a sufficient rate of return, pay operating expenses, and service the debt. This leaves a gap in the funding for the project and 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 proforma 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 site and public improvements 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 42nd and Jackson Tax Increment Financing District conforms to the general plan for the development or redevelopment of the municipality as a whole.*

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 42nd and Jackson 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 Downtown Central Business District Redevelopment Project 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.