



**MODIFICATION TO THE DEVELOPMENT
PROGRAM**
Downtown Central Business Redevelopment Project

- AND -

TAX INCREMENT FINANCING PLAN
Establishment of the Alatus TIF District
(a redevelopment district)

Columbia Heights Economic Development Authority
City of Columbia Heights, Anoka County, Minnesota

Public Hearing: June 14, 2021



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Modification to the Development Program for Downtown Central Business Redevelopment Project

Foreword

The following text represents a Modification to the Development Program for Downtown Central Business Redevelopment Project. This modification represents a continuation of the goals and objectives set forth in the Development Program for Downtown Central Business Redevelopment Project. Generally, the substantive changes include the establishment of the Alatus TIF District.

For further information, a review of the Development Program for Downtown Central Business 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 Redevelopment Project.

Tax Increment Financing Plan for the Alatus TIF District

Foreword

The Columbia Heights Economic Development Authority (the "EDA") and the City of Columbia Heights (the "City"), staff and consultants have prepared the following information to expedite the Establishment of the Alatus TIF District (the "District"), a redevelopment tax increment financing district, located in Downtown Central Business 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 has 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 Development Program for Downtown Central Business Redevelopment Project.

Statement of Objectives

The District currently consists of two parcels of land and adjacent and internal rights-of-way. The District is being created to facilitate the redevelopment of the site into approximately 300 market rate apartments, 120 senior apartments, 26 single-family homes and 80,000 sq/ft of retail in the City. The EDA anticipates entering into an agreement with Alatus and development is anticipated to begin in 2024. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for Downtown Central Business Redevelopment Project.

The activities contemplated in the Modification to the Development Program 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 Downtown Central Business Redevelopment Project and the District.

Development Program Overview

Pursuant to the Development Program and authorizing state statutes, the EDA and City are authorized to undertake the following activities in the District:

1. Property to be Acquired - The City currently owns one parcel of property within the District. The remaining property located within the District may be acquired by the City and is further described in this TIF Plan.
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 EDA or City may sell to a developer selected properties that it may acquire 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 all property and adjacent rights-of-way and abutting roadways identified by the parcels listed below.

Parcel number	Address	Owner
35-30-24-11-0083	4300 Central Ave	HyVee
35-30-24-11-0084	N/A	City

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

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

Classification of the District

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, finds that the District, to be established, is a redevelopment district pursuant to *M.S., Section 469.174, Subd. 10(a)(1)*.

- The District is a redevelopment district consisting of two parcels.
- An inventory shows that parcels consisting of more than 70 percent of the area in the District are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures.
- An inspection of the buildings located within the District finds that more than 50 percent of the buildings are structurally substandard as defined in the TIF Act. (See Appendix D).

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 and First Year of Tax Increment of the District

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 and City reserve the right to decertify the District prior to the legally required date.

Original Tax Capacity, Tax Rate and Estimated Captured Net Tax Capacity Value/Increment and 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 will be based on the market values placed on the property by the assessor in 2020 for taxes payable 2021.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2022) the amount by which the original value has increased or decreased as a result of:

1. Change in tax exempt status of property;
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 2021, assuming the request for certification is made before June 30, 2021. 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 Downtown Central Business Redevelopment Project, upon completion of the projects within the District, will annually approximate tax increment revenues as 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	3,875,001	
Original estimated Net Tax Capacity	60,441	
Fiscal Disparities	<u>224,810</u>	
Estimated Captured Tax Capacity	3,589,750	
Original Local Tax Rate	<u>134.4230%</u>	Pay 2021
Estimated Annual Tax Increment	\$4,825,450	
Percent Retained by the City	100%	

Note: Tax capacity includes a 4.00% 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 \$374,938.

Pursuant to *M.S., Section 469.177, Subd. 4*, the EDA shall, after a due and 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 City has reviewed and determined that no building permits were issued during the 18 months immediately preceding approval of the TIF Plan by the City that would increase the value of the property.

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	\$ 77,508,078
Interest	<u>7,750,808</u>
TOTAL	\$ 85,258,886

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The EDA and City reserve 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 bonds, 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 or City to incur debt. The EDA or City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the EDA or 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 \$66,428,728. 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 redevelopment of the site into approximately 300 market rate apartments, 120 senior apartments, 26 single-family homes and 80,000 sq/ft of retail. The EDA and City have determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described.

The EDA and City have 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	\$ 6,000,000
Site Improvements/Preparation	3,000,000
Utilities	750,000
Other Qualifying Improvements	48,927,920
Administrative Costs (up to 10%)	7,750,808
PROJECT COSTS TOTAL	\$ 66,428,728
Interest	18,830,158
PROJECT AND INTEREST COSTS TOTAL	\$ 85,258,886

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. Pursuant to *M.S., Section 469.1763, Subd. 2*, no more than 25 percent of the tax increment paid by property within the District will be spent on activities related to development or redevelopment outside of the District but within the boundaries of Downtown Central Business Redevelopment Project, (including administrative costs, which are considered to be spent outside of the District) subject to the limitations as described in this TIF Plan.

Fiscal Disparities Election

Pursuant to *M.S., Section 469.177, Subd. 3*, the EDA 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 and City have 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	2020/Pay 2021 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) upon completion	Percent of CTC to Entity Total
Anoka County	387,071,102	3,589,750	0.9274%
Columbia Heights	15,106,032	3,589,750	23.7637%
ISD No. 13	21,040,982	3,589,750	17.0608%

Impact on Tax Rates				
Entity	Pay 2021 Extension Rate	Percent of Total	CTC	Potential Taxes
Anoka County	31.0860%	23.13%	3,589,750	\$ 1,115,910
Columbia Heights	69.1830%	51.47%	3,589,750	2,483,497
ISD No. 13	28.7710%	21.40%	3,589,750	1,032,807
Other	5.3830%	4.00%	3,589,750	193,236
	134.4230%	100.00%		\$ 4,825,450

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Pay 2021 rate. The total net capacity for the entities listed above are based on Pay 2021 figures. The District will be certified under the Pay 2021 rates.

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 \$77,508,078;
- (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 impact of the District on public infrastructure is expected to be minimal. The development will require upgrades to the sanitary sewer system, which costs will be paid by the development. Any new roads or sidewalks will be required to be constructed by the developer and if any are public roads they will be constructed to City standards and deeded over to the City upon completion. It is anticipated that the current infrastructure for storm sewer and water will be able to handle the additional volume generated from the proposed development. In the event it is determined that it isn't, the developer will be required to upgrade the system at their cost as part of the redevelopment.

There is no probable impact of any District general obligation tax increment bonds on the ability to issue debt for general fund purposes.

- (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 \$16,589,311;
- (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 \$17,924,136;
- (5) Additional information requested by the county or school district. The City is 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; and (2) EDA/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.

Administration of the District

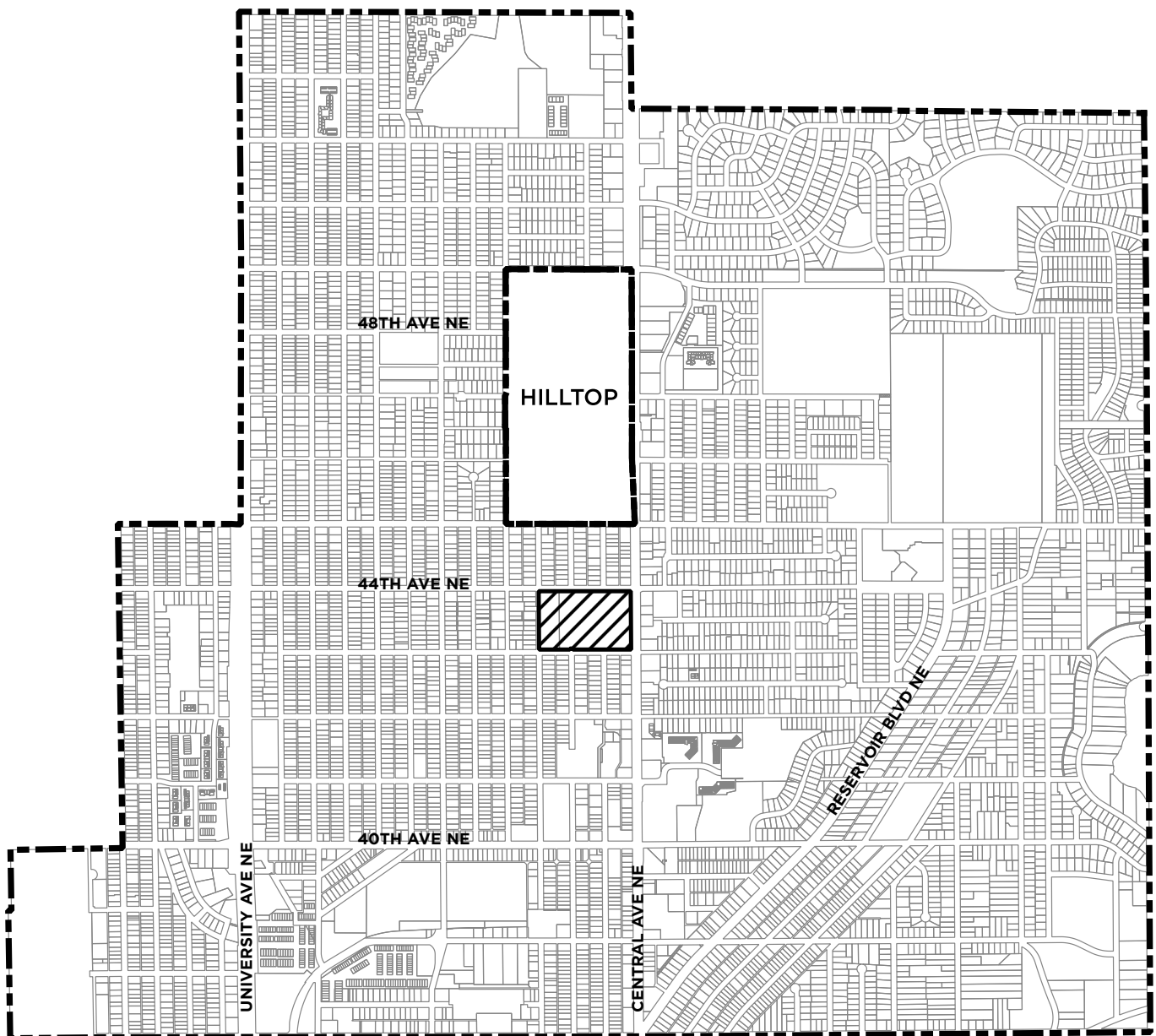
Administration of the District will be handled by the Community Development Director.

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

Alatus Tax Increment Financing District

Downtown Central Business District (CBD) Redevelopment Project

City of Columbia Heights
Anoka County, Minnesota



Legend

-  Alatus 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

Alatus Redevelopment

City of Columbia Heights, MN

420 Apartments, 80,000 Sq/Ft Retail and 26 Single-Family Homes



ASSUMPTIONS AND RATES

DistrictType:	Redevelopment
District Name/Number:	
County District #:	
First Year Construction or Inflation on Value	2022
Existing District - Specify No. Years Remaining	
Inflation Rate - Every Year:	4.00%
Interest Rate:	2.00%
Present Value Date:	1-Aug-23
First Period Ending	1-Feb-24
Tax Year District was Certified:	Pay 2021
Cashflow Assumes First Tax Increment For Development:	2024
Years of Tax Increment	26
Assumes Last Year of Tax Increment	2049
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	Inside(B)
Incremental or Total Fiscal Disparities	Incremental
Fiscal Disparities Contribution Ratio	31.0253% Pay 2021
Fiscal Disparities Metro-Wide Tax Rate	139.5040% Pay 2021
Maximum/Frozen Local Tax Rate:	134.423% Pay 2021
Current Local Tax Rate: (Use lesser of Current or Max.)	134.423% Pay 2021
State-wide Tax Rate (Comm./Ind. only used for total taxes)	35.9780% Pay 2021
Market Value Tax Rate (Used for total taxes)	0.12803% Pay 2021

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 \$174,000	0.75%
Over \$174,000	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	35-30-24-11-0083	HyVee	4300 Central Ave	0	0	3,058,000	100%	3,058,000	Pay 2021	C/I Pref.	60,410	C/I Pref.	60,410	1
2	35-30-24-11-0084	City	N/A	3,100	0	3,100	100%	3,100	Pay 2021	Exempt	-	Hmstd. Res.	31	2
				3,100	0	3,061,100		3,061,100			60,410		60,441	

Note:

1. Base values are for pay 2021 based upon review of County website on 4-14-21.
2. Located in SD #13, Mississippi WS and UTA 140131

Alatus Redevelopment
City of Columbia Heights, MN
420 Apartments, 80,000 Sq/Ft Retail and 26 Single-Family Homes



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	Apt	225,000	225,000	300	67,500,000	Rental	843,750	2,813	25%	75%	100%	100%	2026
1	Retail	200	200	40,000	8,000,000	C/I Pref.	159,250	4	25%	75%	100%	100%	2026
1	Sr. Apt	225,000	225,000	120	27,000,000	Rental	337,500	2,813	25%	75%	100%	100%	2026
1	Retail	200	200	40,000	8,000,000	C/I Pref.	159,250	4	25%	75%	100%	100%	2026
2	SF Homes	300,000	289,760	26	7,533,760	Hmstd. Res.	75,338	2,898	0%	0%	50%	100%	2027
TOTAL					118,033,760		1,575,088						
Subtotal Residential					446	102,033,760	1,256,588						
Subtotal Commercial/Ind.					80,000	16,000,000	318,500						

Note:

1. Market values are based upon estimates.

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
Apt	843,750	0	843,750	1,134,194	0	0	86,420	1,220,614	4,068.71
Retail	159,250	49,408	109,842	147,653	68,926	56,755	10,242	283,577	7.09
Sr. Apt	337,500	0	337,500	453,678	0	0	34,568	488,246	4,068.71
Retail	159,250	49,408	109,842	147,653	68,926	56,755	10,242	283,577	7.09
SF Homes	75,338	0	75,338	101,271	0	0	9,645	110,917	4,266.02
TOTAL	1,575,088	98,816	1,476,272	1,984,449	137,852	113,511	151,119	2,386,930	

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	2,386,930
less State-wide Taxes	(113,511)
less Fiscal Disp. Adj.	(137,852)
less Market Value Taxes	(151,119)
less Base Value Taxes	(56,053)
Annual Gross TIF	1,928,397

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	3,061,100
New Market Value - Est.	118,033,760
Difference	114,972,660
Present Value of Tax Increment	56,790,125
Difference	58,182,535
Value likely to occur without Tax Increment is less than:	58,182,535



Alatus Redevelopment

City of Columbia Heights, MN

420 Apartments, 80,000 Sq/Ft Retail and 26 Single-Family Homes

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%	374,938	(60,441)	(5,962)	308,535	134.423%	414,742	207,371	(747)	(20,662)	185,962	182,298	0.5	2024	02/01/24
							207,371	(747)	(20,662)	185,962	362,791	1	2024	02/01/25
100%	1,124,813	(60,441)	(52,519)	1,011,853	134.423%	1,360,163	680,081	(2,448)	(67,763)	609,870	948,864	1.5	2025	08/01/25
							680,081	(2,448)	(67,763)	609,870	1,529,134	2	2025	02/01/26
100%	1,537,419	(60,441)	(80,073)	1,396,905	134.423%	1,877,761	938,881	(3,380)	(93,550)	841,951	2,322,289	2.5	2026	08/01/26
							938,881	(3,380)	(93,550)	841,951	3,107,592	3	2026	02/01/27
100%	1,635,078	(60,441)	(84,026)	1,490,611	134.423%	2,003,724	1,001,862	(3,607)	(99,826)	898,430	3,937,276	3.5	2027	08/01/27
							1,001,862	(3,607)	(99,826)	898,430	4,758,746	4	2027	02/01/28
100%	1,700,481	(60,441)	(88,137)	1,551,903	134.423%	2,086,115	1,043,057	(3,755)	(103,930)	935,372	5,605,527	4.5	2028	08/01/28
							1,043,057	(3,755)	(103,930)	935,372	6,443,923	5	2028	02/01/29
100%	1,768,500	(60,441)	(92,412)	1,615,647	134.423%	2,171,801	1,085,901	(3,909)	(108,199)	973,792	7,308,114	5.5	2029	08/01/29
							1,085,901	(3,909)	(108,199)	973,792	8,163,749	6	2029	02/01/30
100%	1,839,240	(60,441)	(96,858)	1,681,941	134.423%	2,260,916	1,130,458	(4,070)	(112,639)	1,013,749	9,045,673	6.5	2030	08/01/30
							1,130,458	(4,070)	(112,639)	1,013,749	9,918,866	7	2030	02/01/31
100%	1,912,810	(60,441)	(101,482)	1,750,887	134.423%	2,353,594	1,176,797	(4,236)	(117,256)	1,055,305	10,818,852	7.5	2031	08/01/31
							1,176,797	(4,236)	(117,256)	1,055,305	11,709,928	8	2031	02/01/32
100%	1,989,322	(60,441)	(106,291)	1,822,590	134.423%	2,449,980	1,224,990	(4,410)	(122,058)	1,098,522	12,628,311	8.5	2032	08/01/32
							1,224,990	(4,410)	(122,058)	1,098,522	13,537,602	9	2032	02/01/33
100%	2,068,895	(60,441)	(111,292)	1,897,162	134.423%	2,550,222	1,275,111	(4,590)	(127,052)	1,143,468	14,474,725	9.5	2033	08/01/33
							1,275,111	(4,590)	(127,052)	1,143,468	15,402,570	10	2033	02/01/34
100%	2,151,651	(60,441)	(116,494)	1,974,716	134.423%	2,654,473	1,327,236	(4,778)	(132,246)	1,190,212	16,358,782	10.5	2034	08/01/34
							1,327,236	(4,778)	(132,246)	1,190,212	17,305,526	11	2034	02/01/35
100%	2,237,717	(60,441)	(121,903)	2,055,373	134.423%	2,762,894	1,381,447	(4,973)	(137,647)	1,238,826	18,281,184	11.5	2035	08/01/35
							1,381,447	(4,973)	(137,647)	1,238,826	19,247,181	12	2035	02/01/36
100%	2,327,225	(60,441)	(127,529)	2,139,255	134.423%	2,875,651	1,437,826	(5,176)	(143,265)	1,289,385	20,242,648	12.5	2036	08/01/36
							1,437,826	(5,176)	(143,265)	1,289,385	21,228,259	13	2036	02/01/37
100%	2,420,314	(60,441)	(133,380)	2,226,494	134.423%	2,992,920	1,496,460	(5,387)	(149,107)	1,341,965	22,243,906	13.5	2037	08/01/37
							1,496,460	(5,387)	(149,107)	1,341,965	23,249,497	14	2037	02/01/38
100%	2,517,127	(60,441)	(139,465)	2,317,221	134.423%	3,114,878	1,557,439	(5,607)	(155,183)	1,396,649	24,285,703	14.5	2038	08/01/38
							1,557,439	(5,607)	(155,183)	1,396,649	25,311,649	15	2038	02/01/39
100%	2,617,812	(60,441)	(145,793)	2,411,578	134.423%	3,241,716	1,620,858	(5,835)	(161,502)	1,453,520	26,368,801	15.5	2039	08/01/39
							1,620,858	(5,835)	(161,502)	1,453,520	27,415,485	16	2039	02/01/40
100%	2,722,524	(60,441)	(152,374)	2,509,709	134.423%	3,373,626	1,686,813	(6,073)	(168,074)	1,512,667	28,493,976	16.5	2040	08/01/40
							1,686,813	(6,073)	(168,074)	1,512,667	29,561,789	17	2040	02/01/41
100%	2,831,425	(60,441)	(159,219)	2,611,765	134.423%	3,510,814	1,755,407	(6,319)	(174,909)	1,574,179	30,662,022	17.5	2041	08/01/41
							1,755,407	(6,319)	(174,909)	1,574,179	31,751,361	18	2041	02/01/42
100%	2,944,682	(60,441)	(166,337)	2,717,904	134.423%	3,653,488	1,826,744	(6,576)	(182,017)	1,638,151	32,873,746	18.5	2042	08/01/42
							1,826,744	(6,576)	(182,017)	1,638,151	33,985,018	19	2042	02/01/43
100%	3,062,470	(60,441)	(173,741)	2,828,288	134.423%	3,801,870	1,900,935	(6,843)	(189,409)	1,704,682	35,129,973	19.5	2043	08/01/43
							1,900,935	(6,843)	(189,409)	1,704,682	36,263,592	20	2043	02/01/44
100%	3,184,968	(60,441)	(181,440)	2,943,088	134.423%	3,956,187	1,978,093	(7,121)	(197,097)	1,773,875	37,431,545	20.5	2044	08/01/44
							1,978,093	(7,121)	(197,097)	1,773,875	38,587,934	21	2044	02/01/45
100%	3,312,367	(60,441)	(189,447)	3,062,479	134.423%	4,116,676	2,058,338	(7,410)	(205,093)	1,845,835	39,779,320	21.5	2045	08/01/45
							2,058,338	(7,410)	(205,093)	1,845,835	40,958,910	22	2045	02/01/46
100%	3,444,862	(60,441)	(197,775)	3,186,646	134.423%	4,283,585	2,141,793	(7,710)	(213,408)	1,920,674	42,174,174	22.5	2046	08/01/46
							2,141,793	(7,710)	(213,408)	1,920,674	43,377,405	23	2046	02/01/47
100%	3,582,656	(60,441)	(206,435)	3,315,780	134.423%	4,457,171	2,228,585	(8,023)	(222,056)	1,998,506	44,616,999	23.5	2047	08/01/47
							2,228,585	(8,023)	(222,056)	1,998,506	45,844,320	24	2047	02/01/48
100%	3,725,963	(60,441)	(215,443)	3,450,079	134.423%	4,637,700	2,318,850	(8,348)	(231,050)	2,079,452	47,108,708	24.5	2048	08/01/48
							2,318,850	(8,348)	(231,050)	2,079,452	48,360,576	25	2048	02/01/49
100%	3,875,001	(60,441)	(224,810)	3,589,750	134.423%	4,825,450	2,412,725	(8,686)	(240,404)	2,163,635	49,650,229	25.5	2049	08/01/49
							2,412,725	(8,686)	(240,404)	2,163,635	50,927,112	26	2049	02/01/50
Total							77,788,115	(280,037)	(7,750,808)	69,757,270				
Present Value From 08/01/2023							56,790,125	(204,444)	(5,658,568)	50,927,112				

Appendix C: Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan (TIF Plan) for the Alatus TIF District (the “District”), as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. *Finding that the Alatus TIF District is a redevelopment district as defined in M.S., Section 469.174, Subd. 10.*

The District consists of two parcels and vacant right-of-way, with plans to redevelop the area to facilitate the redevelopment of the site into approximately 300 market rate apartments, 120 senior apartments, 26 single-family homes and 80,000 sq/ft of retail. Parcels consisting of 70 percent of the area of the District are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures and more than 50 percent of the buildings in the District, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance. (See Appendix D of the TIF Plan.)

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 and that 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 the 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 Alatus TIF District permitted by the TIF Plan.*

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 redevelopment proposed in the TIF Plan meets the City's objectives for redevelopment. Due to the high cost of redevelopment on the parcels currently occupied by a substandard building, the costs of environmental remediation and demolition, replacement costs of a regional storm water pond, the cost of financing the proposed improvements, and that there was a previous TIF District established for this site due to the need from a proposed development for TIF assistance, this project is feasible only through assistance, in part, from tax increment financing. The developer was asked for and provided a TIF application 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 District permitted by the TIF Plan: This finding is justified on the grounds that the cost of acquisition, demolition, environmental remediation, site and public improvements and utilities add to the total redevelopment cost. Historically, these costs in this area have made redevelopment infeasible without tax increment assistance. The City reasonably determines that no other redevelopment of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

Therefore, the City concludes as follows:

- a. The City's estimate of the amount by which the market value of the entire District will increase without the use of tax increment financing is \$0.
 - b. If the proposed development occurs, the total increase in market value will be \$114,973,660.
 - c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$56,790,125.
 - d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than \$58,183,535 (the amount in clause b less the amount in clause c) without tax increment assistance.
3. *Finding that the TIF Plan for the 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 the Alatus TIF 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 Redevelopment Project by private enterprise.*

The project to be assisted by the District will result in increased availability of safe and decent life-cycle housing in the City, increased employment in the City and the State of Minnesota, the redevelopment of substandard properties, increased tax base of the State and add a high-quality development to the City.

Appendix D: Redevelopment Qualifications for the District

To be added to prior to the public hearing