

Adoption Date: December 2, 2024

# City of Grand Rapids Itasca County, Minnesota

## MODIFICATION TO THE DEVELOPMENT PROGRAM Municipal Development District No. 1 &

## Tax Increment Financing (TIF) Plan Establishment of Tax Increment Financing District No. 1-17: Oppidan Workforce Housing (an economic development district)



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# **Modification to the Development Program for Municipal Development District No. 1**

## **FOREWORD**

The following text represents a Modification to the Development Program for Municipal Development District No. 1. This modification represents a continuation of the goals and objectives set forth in the Development Program for Municipal Development District No. 1. Generally, the substantive changes include the establishment of Tax Increment Financing District No. 1-17: Oppidan Workforce Housing.

For further information, a review of the Development Program for Municipal Development District No. 1, is recommended. It is available from the Community Development Director at the City of Grand Rapids. Other relevant information is contained in the tax increment financing plans for the tax increment financing districts located within Municipal Development District No. 1.

# Tax Increment Financing Plan for Tax Increment Financing District No. 1-17: Oppidan Workforce Housing

## FOREWORD

The City of Grand Rapids (the "City"), staff and consultants have prepared the following information to expedite the establishment of Tax Increment Financing District No. 1-17: Oppidan Workforce Housing (the "District"), an economic development tax increment financing district for workforce housing, located in Municipal Development District No. 1.

## STATUTORY AUTHORITY

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the City has certain statutory powers pursuant to *Minnesota Statutes ("M.S."), Sections 469.124 - 469.133*, inclusive, as amended, and *M.S., Sections 469.174 to 469.1794*, inclusive, as amended (the "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 Municipal Development District No. 1.

## STATEMENT OF OBJECTIVES

The District currently consists of one (1) parcel of land and adjacent roads and internal rights-of-way. The District is being created to facilitate the development of approximately 132 units of workforce housing in the City of Grand Rapids. The City anticipates entering into an agreement with Oppidan Investment Company, or a related entity, and development is likely to occur in Spring 2025. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for Municipal Development District No. 1.

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 Municipal Development District No. 1 and the District.

# DEVELOPMENT PROGRAM OVERVIEW

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

- 1. Property to be Acquired –Grand Rapids Economic Development Authority (GREDA) currently owns the parcel of property within the District. Any remaining property located within the District, including interior and adjacent street rights of way, may be acquired by the City or GREDA and is further described in this TIF Plan.
  
- 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 selected properties that it may acquire within the District or may lease land or facilities to a developer.
  
- 4. The City may perform or provide for some or all necessary acquisition, construction, demolition, and required utilities and public street work within the District.
  
- 5. The City proposes both public and private infrastructure within the District. The proposed reuse of private property within the District will be for approximately 132 units of workforce rental housing, and there will be continued operation of Municipal Development District No. 1 after the capital improvements within Municipal Development District No. 1 have been completed.

## DESCRIPTION OF PROPERTY IN THE DISTRICT AND PROPERTY TO BE ACQUIRED

The District encompasses all property and adjacent roads rights-of-way and abutting roadways identified by the parcels listed below.

Parcel number	Address	Owner
91-536-0110	Unassigned	GREDA

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

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

## DISTRICT CLASSIFICATION

The 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 an economic development district pursuant to M.S., Section 469.174, Subd. 12.

The District is in the public interest because it will meet the statutory requirement of satisfying the requirements of a workforce housing project under Section 469.176, Subdivision 4c, paragraph (d).

Pursuant to M.S., Section 469.176, Subd. 4c, revenue derived from tax increment from an economic development district may not be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities, if more than 15% of the buildings and facilities (determined on the basis of square footage) are used for a purpose other than:

1. The manufacturing or production of tangible personal property, including processing resulting in the change in condition of the property;
2. Warehousing, storage, and distribution of tangible personal property, excluding retail sales;
3. Research and development related to the activities listed in items (1) or (2);
4. Telemarketing if that activity is the exclusive use of the property; or
5. Tourism facilities;
6. Space necessary for and related to the activities listed in items (1) to (5); or
7. A workforce housing project that satisfies the requirements of *M.S., Section 469.176, Subd. 4c(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.

## **WORKFORCE HOUSING**

Pursuant to Minnesota Statutes, Section 469.176, subdivision 4c(d),

- a. Increments from the TIF District will be used exclusively to assist in the acquisition of property; construction of improvements; and provision of loans or subsidies, grants, interest rate subsidies, public infrastructure, and related financing costs for rental housing developments in the municipality.
- b. The City meets the requirements of section 469.175, subdivision 3, paragraph (f) of the TIF Act including that:
  - (1) The City is located outside of the metropolitan area, as defined in section 473.121, subdivision 2.
  - (2) The average vacancy rate for rental housing located in the City and in any statutory or home rule charter city located within 15 miles or less of the boundaries of the City has been three percent or less for at least the immediately preceding two-year period. Additional information about this finding is found in Appendix D and is based on market studies and a survey undertaken by city staff and consultants.
  - (3) At least one business located in the City or within 15 miles of the municipality that employs a minimum of 20 full-time equivalent employees in aggregate has provided a written statement to the City indicating that the lack of available rental housing has impeded the ability of the business to recruit and hire employees. Additional information about this finding is found in Appendix D.
  - (4) The City intends to use increments from the TIF District for the development of rental housing to serve employees of businesses located in the municipality or surrounding area.

## **DURATION & FIRST YEAR OF DISTRICT'S TAX INCREMENT**

Pursuant to *M.S., Section 469.175, Subd. 1, and M.S., Section 469.176, Subd. 1*, the duration 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 8 years after receipt of the first increment by the City (a total of 9 years of tax increment). The date of receipt by the City of the first tax increment is expected to be 2027.

Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2035, or when the TIF Plan is satisfied. The City 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 will be based on the market values placed on the property by the assessor in 2025 for taxes payable 2026.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2027) 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 City.



The original local tax rate for the District will be the local tax rate for taxes payable 2026, assuming the request for certification is made before June 30, 2026. The rates for 2026 were not available at the time the District was established. 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 Municipal Development District No. 1, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The City requests 100% of the available increase in tax capacity be used for repayment of the obligations of the City and current expenditures, beginning in the tax year payable 2027. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Tax Capacity	
Development estimated Tax Capacity upon completion	\$243,919
Original estimated Net Tax Capacity	735
Fiscal Disparities	0
Estimated Captured Tax Capacity	<b>243,184</b>
Original Local Tax Rate	138.8750% Pay 2024
Estimated Annual Tax Increment	<b>\$337,722</b>
Percent Retained by the City	100%

Note: Tax capacity includes a 5% 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 9. The tax capacity of the District in year one is estimated to be \$86,675.

Pursuant to *M.S., Section 469.177, Subd. 4*, the City 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 the area to be included in the District and found no parcels for which 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	\$ 2,401,344
Interest	240,134
<b>TOTAL</b>	<b>\$ 2,641,478</b>

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The City reserves the right to issue bonds (as defined in the TIF Act) or incur 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 modification to this TIF Plan. This provision does not obligate the City to incur debt. The City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The City may issue bonds secured in whole or in part with tax increments from the District in a maximum principal amount of \$2,641,478. 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 development of approximately 132 units of workforce housing in the City of Grand Rapids. The City has determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described herein.

The City 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.

<b>USES</b>	
Land/Building Acquisition	\$ 500,000
Site Improvements/Preparation	1,000,000
Affordable Housing	-
Utilities	-
Other Qualifying Improvements	901,344
Administrative Costs (up to 10%)	240,134
<b>PROJECT COSTS TOTAL</b>	<b>\$ 2,641,478</b>
Interest	-
<b>PROJECT AND INTEREST COSTS TOTAL</b>	<b>\$ 2,641,478</b>

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 capital and administrative costs listed above are subject to change among categories by modification of the TIF Plan without hearings and notices as required for approval of the initial TIF Plan, so long as the total capital and administrative costs combined do not exceed the total listed above. Further, the City may spend up to 20% of the tax increment revenues from the District for activities (described in the table above) located outside the boundaries of the District but within the boundaries of the Municipal Development District No. 1 (including administrative costs, which are considered to be spend outside the District), subject to all other terms and conditions of this TIF Plan.

## **FISCAL DISPARITIES ELECTION**

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

The City 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 City 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	2023/Pay 2024 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) upon completion	Percent of CTC to Entity Total
Itasca County	86,250,185	243,184	<b>0.2820%</b>
City of Grand Rapids	11,698,039	243,184	<b>2.0788%</b>
ISD 318 (Itasca County)	60,239,243	243,184	<b>0.4037%</b>

Impact on Tax Rates				
Entity	Pay 2024 Extension Rate	Percent of Total	CTC	Potential Taxes
Itasca County	46.6720%	33.61%	243,184	<b>\$113,499</b>
City of Grand Rapids	73.7170%	53.08%	243,184	<b>179,268</b>
ISD 318 (Itasca County)	18.2660%	13.15%	243,184	<b>44,420</b>
Other	0.2200%	0.16%	243,184	<b>535</b>
	<b>138.8750%</b>	<b>100.00%</b>		<b>\$337,722</b>

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Pay 2024 rate. The total net capacity for the entities listed above are based on Pay 2024 figures. The District will be certified under the Pay 2026 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 \$2,401,344;
- (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 is not expected to significantly impact any traffic movements in the area. The current infrastructure for sanitary sewer, storm sewer and water will be able to handle the additional volume generated from 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 the issuance of any general obligation tax increment bonds payable from tax increment revenues from the District on the City's 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 \$315,845;
- (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 \$807,024;
- (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* this 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 District and Appendix C.
  
- (ii) A comparative analysis of estimated market value both with and without establishment of the 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 District and the use of tax increments.

## DISTRICT ADMINISTRATION

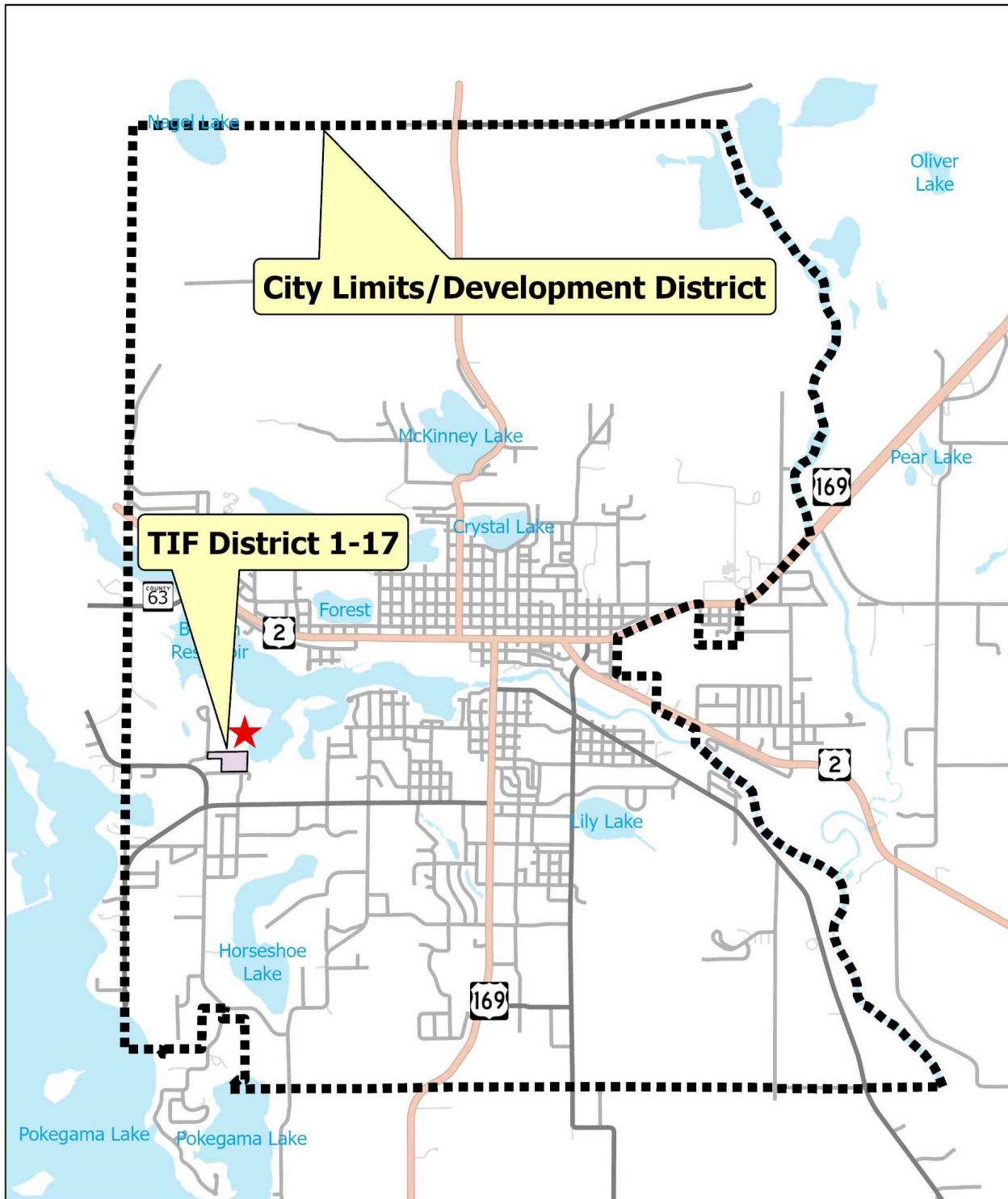
Administration of the District will be handled by the Community Development Director.

# Appendix A: Map of Municipal Development District No. 1 and the TIF District

# Tax Increment Financing District No. 1-17: Oppidan Workforce Housing

## Municipal Development District No. 1 in the City of Grand Rapids, MN

The boundaries of Municipal Development District No. 1 are coterminous with the City limits.



0 0.38 0.75 1.5 Miles



# Appendix B: Estimated Cash Flow for the District

## Oppidan Workforce Housing Development - 5% Inflation

City of Grand Rapids, MN

132 Units of Market Rate Rental Housing



### ASSUMPTIONS AND RATES

<b>District Type:</b> <b>District Name/Number:</b> <b>County District #:</b> <b>First Year Construction or Inflation on Value</b> <b>Existing District - Specify No. Years Remaining</b> Inflation Rate - Every Year: Interest Rate: Present Value Date: First Period Ending Tax Year District was Certified: Cashflow Assumes First Tax Increment For Development: Years of Tax Increment Assumes Last Year of Tax Increment Fiscal Disparities Election [Outside (A), Inside (B), or NA] Incremental or Total Fiscal Disparities Fiscal Disparities Contribution Ratio Fiscal Disparities Metro-Wide Tax Rate Maximum/Frozen Local Tax Rate: Current Local Tax Rate: (Use lesser of Current or Max.) State-wide Tax Rate (Comm./Ind. only used for total taxes) Market Value Tax Rate (Used for total taxes)	Economic Development TIF 1-17 TBD 2025 5.00% 6.00% 1-Aug-26 1-Feb-27 Pay 2025 2027 9 2035 NA NA NA NA NA 138.875% Pay 2024 138.875% Pay 2024 29.2940% Pay 2024 0.09476% Pay 2024	0
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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		0.25%
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	91-536-0110	GREDA		58,800		58,800	100%	58,800	Pay 2024	Exempt	-	Rental	735	1
				58,800	0	58,800		58,800			0		735	

**Note:**

1. Base values are for pay 2024 based on review of County website on October 28, 2024.
2. Located in SD #318.

## Oppidan Workforce Housing Development - 5% Inflation

City of Grand Rapids, MN  
132 Units of Market Rate Rental Housing



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 2025	Percentage Completed 2026	Percentage Completed 2027	Percentage Completed 2028	First Year Full Taxes Payable
	Apartments	105,060	105,060	132	13,867,920	Rental	173,349	1,313	50%	100%	100%	100%	2028
<b>TOTAL</b>					<b>13,867,920</b>		<b>173,349</b>						
Subtotal Residential				132	13,867,920		173,349						
Subtotal Commercial/Ind.				0	0		0						

**Note:**

1. Market values are based upon estimates. Assessor's estimated value was \$12,863,800 in November 2022.

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	173,349	0	173,349	240,738	0	0	13,141	253,880	1,923.33
<b>TOTAL</b>	<b>173,349</b>	<b>0</b>	<b>173,349</b>	<b>240,738</b>	<b>0</b>	<b>0</b>	<b>13,141</b>	<b>253,880</b>	

**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.
2. If tax increment is received in 2026, then the district will be one year shorter.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	253,880
less State-wide Taxes	0
less Fiscal Disp. Adj.	0
less Market Value Taxes	(13,141)
less Base Value Taxes	(1,021)
<b>Annual Gross TIF</b>	<b>239,718</b>

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	58,800
New Market Value - Est.	13,867,920
Difference	13,809,120
Present Value of Tax Increment	1,553,018
Difference	12,256,102
Value likely to occur without Tax Increment is less than:	<b>12,256,102</b>



## Oppidan Workforce Housing Development - 5% Inflation

City of Grand Rapids, MN

132 Units of Market Rate Rental Housing

TAX INCREMENT CASH FLOW														
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities NA	Captured Tax Capacity	Local Tax Rate	Annual Gross Increment	Semi-Annual Gross Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
100%	86,675	(735)	-	85,940	138.875%	119,348	59,674	(215)	(5,946)	53,513	50,442	0.5	2027	02/01/27
100%	173,349	(735)	-	172,614	138.875%	239,718	59,674	(215)	(5,946)	53,513	99,414	1	2027	02/01/28
100%	182,016	(735)	-	181,281	138.875%	251,755	119,859	(431)	(11,943)	107,485	194,913	1.5	2028	08/01/28
100%	191,117	(735)	-	190,382	138.875%	264,393	119,859	(431)	(11,943)	107,485	287,630	2	2028	02/01/29
100%	200,673	(735)	-	199,938	138.875%	277,664	125,877	(453)	(12,542)	112,882	382,167	2.5	2029	08/01/29
100%	210,707	(735)	-	209,972	138.875%	291,598	125,877	(453)	(12,542)	112,882	473,950	3	2029	02/01/30
100%	221,242	(735)	-	220,507	138.875%	306,229	132,197	(476)	(13,172)	118,549	567,533	3.5	2030	08/01/30
100%	232,304	(735)	-	231,569	138.875%	321,592	132,197	(476)	(13,172)	118,549	658,391	4	2030	02/01/31
100%	243,919	(735)	-	243,184	138.875%	337,722	138,832	(500)	(13,833)	124,499	751,030	4.5	2031	08/01/31
							138,832	(500)	(13,833)	124,499	840,971	5	2031	02/01/32
							145,799	(525)	(14,527)	130,747	932,674	5.5	2032	08/01/32
							145,799	(525)	(14,527)	130,747	1,021,706	6	2032	02/01/33
							153,115	(551)	(15,256)	137,307	1,112,482	6.5	2033	08/01/33
							153,115	(551)	(15,256)	137,307	1,200,614	7	2033	02/01/34
							160,796	(579)	(16,022)	144,195	1,290,472	7.5	2034	08/01/34
							160,796	(579)	(16,022)	144,195	1,377,713	8	2034	02/01/35
							168,861	(608)	(16,825)	151,428	1,466,661	8.5	2035	08/01/35
							168,861	(608)	(16,825)	151,428	1,553,018	9	2035	02/01/36
<b>Totals</b>							<b>2,410,020</b>	<b>(8,676)</b>	<b>(240,134)</b>	<b>2,161,210</b>				
		<b>Present Value From 08/01/2026</b>	<b>Present Value Rate</b>					<b>(6,235)</b>	<b>(172,558)</b>	<b>1,553,018</b>				



## Oppidan Workforce Housing Development - 5% Inflation

City of Grand Rapids, MN

132 Units of Market Rate Rental Housing

TAX INCREMENT CASH FLOW														
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities NA	Captured Tax Capacity	Local Tax Rate	Annual Gross Increment	Semi-Annual Gross Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
100%	86,675	(735)	-	85,940	138.875%	119,348	59,674	(215)	(5,946)	53,513	50,442	0.5	2027	02/01/27
100%	173,349	(735)	-	172,614	138.875%	239,718	59,674	(215)	(5,946)	53,513	99,414	1	2027	02/01/28
100%	182,016	(735)	-	181,281	138.875%	251,755	119,859	(431)	(11,943)	107,485	194,913	1.5	2028	08/01/28
100%	191,117	(735)	-	190,382	138.875%	264,393	119,859	(431)	(11,943)	107,485	287,630	2	2028	02/01/29
100%	200,673	(735)	-	199,938	138.875%	277,664	125,877	(453)	(12,542)	112,882	382,167	2.5	2029	08/01/29
100%	210,707	(735)	-	209,972	138.875%	291,598	125,877	(453)	(12,542)	112,882	473,950	3	2029	02/01/30
100%	221,242	(735)	-	220,507	138.875%	306,229	132,197	(476)	(13,172)	118,549	567,533	3.5	2030	08/01/30
100%	232,304	(735)	-	231,569	138.875%	321,592	132,197	(476)	(13,172)	118,549	658,391	4	2030	02/01/31
100%	243,919	(735)	-	243,184	138.875%	337,722	138,832	(500)	(13,833)	124,499	751,030	4.5	2031	08/01/31
100%	243,919	(735)	-	243,184	138.875%	337,722	138,832	(500)	(13,833)	124,499	840,971	5	2031	02/01/32
100%	243,919	(735)	-	243,184	73.717%	179,268	145,799	(525)	(14,527)	130,747	932,674	5.5	2032	08/01/32
100%	243,919	(735)	-	243,184	73.717%	179,268	145,799	(525)	(14,527)	130,747	1,021,706	6	2032	02/01/33
100%	243,919	(735)	-	243,184	73.717%	179,268	153,115	(551)	(15,256)	137,307	1,112,482	6.5	2033	08/01/33
100%	243,919	(735)	-	243,184	73.717%	179,268	153,115	(551)	(15,256)	137,307	1,200,614	7	2033	02/01/34
100%	243,919	(735)	-	243,184	73.717%	179,268	160,796	(579)	(16,022)	144,195	1,290,472	7.5	2034	08/01/34
100%	243,919	(735)	-	243,184	73.717%	179,268	160,796	(579)	(16,022)	144,195	1,377,713	8	2034	02/01/35
100%	243,919	(735)	-	243,184	73.717%	179,268	168,861	(608)	(16,825)	151,428	1,466,661	8.5	2035	08/01/35
100%	243,919	(735)	-	243,184	73.717%	179,268	168,861	(608)	(16,825)	151,428	1,553,018	9	2035	02/01/36
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	1,602,646	0.5	2036	08/01/36
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	1,650,829	1	2036	02/01/37
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	1,697,608	1.5	2037	08/01/37
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	1,743,025	2	2037	02/01/38
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	1,787,119	2.5	2038	08/01/38
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	1,829,929	3	2038	02/01/39
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	1,871,492	3.5	2039	08/01/39
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	1,911,844	4	2039	02/01/40
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	1,951,021	4.5	2040	08/01/40
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	1,989,057	5	2040	02/01/41
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	2,025,985	5.5	2041	08/01/41
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	2,061,838	6	2041	02/01/42
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	2,096,646	6.5	2042	08/01/42
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	2,130,440	7	2042	02/01/43
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	2,163,251	7.5	2043	08/01/43
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	2,195,105	8	2043	02/01/44
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	2,226,032	8.5	2044	08/01/44
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	2,256,058	9	2044	02/01/45
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	2,285,209	9.5	2045	08/01/45
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	2,313,511	10	2045	02/01/46
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	2,340,989	10.5	2046	08/01/46
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	2,367,667	11	2046	02/01/47
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	2,393,567	11.5	2047	08/01/47
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	2,418,714	12	2047	02/01/48
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	2,443,127	12.5	2048	08/01/48
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	2,466,830	13	2048	02/01/49
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	2,489,843	13.5	2049	08/01/49
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	2,512,185	14	2049	02/01/50
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	2,533,876	14.5	2050	08/01/50
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	2,554,936	15	2050	02/01/51
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	2,575,382	15.5	2051	08/01/51
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	2,595,232	16	2051	02/01/52
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	2,614,505	16.5	2052	08/01/52
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	2,633,216	17	2052	02/01/53
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	2,651,382	17.5	2053	08/01/53
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	2,669,019	18	2053	02/01/54
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	2,686,143	18.5	2054	08/01/54
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	2,702,767	19	2054	02/01/55
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	2,718,908	19.5	2055	08/01/55
100%	243,919	(735)	-	243,184	73.717%	179,268	89,634			89,634	2,734,578	20	2055	02/01/56
<b>Totals</b>							<b>5,995,386</b>	<b>(8,676)</b>	<b>(240,134)</b>	<b>5,746,575</b>				
							<b>Total TIF:</b>				<b>2,161,210</b>			
							<b>Total Abatement:</b>				<b>3,585,366</b>			
							<b>Present Value TIF:</b>				<b>1,553,018</b>			
							<b>Present Value Abatement:</b>				<b>2,071,873</b>			
<b>Present Value From 08/01/2026</b>							<b>Present Value Rate</b>	<b>6.00%</b>						
								<b>(6,235)</b>	<b>(172,558)</b>		<b>2,734,578</b>			

## Appendix C: Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for Tax Increment Financing District No. 1-17: Oppidan Workforce Housing as required pursuant to *Minnesota Statutes (M.S.), Section 469.175, Subd. 3* are as follows:

1. *Finding that Tax Increment Financing District No. 1-17: Oppidan Workforce Housing is an economic development district as defined in M.S., Section 469.174, Subd. 12.*

Tax Increment Financing District No. 1-17: Oppidan Workforce Housing is a contiguous geographic area within the City's Municipal Development District No. 1, delineated in the TIF Plan, for the purpose of financing economic development in the City through the use of tax increment. The District is in the public interest because it will facilitate the development of approximately 132 units of workforce housing in the City of Grand Rapids in the City which will increase construction employment in the State, help provide a range of housing opportunities in the City, and preserve and enhance the tax base of the State. The proposed workforce housing project will serve employees of business in the City and the surrounding area. The City has conducted a market study and a phone survey showing that the vacancy rate in the City and any City within 15 miles has been 3% or less. In addition, Yanmar Compact Equipment North America that employs more than 20+ full time employees and is located or within 15 miles of the City, has provided a written statement indicating that the lack of available rental housing has impeded its ability to recruit and hire employees.

The School Board will review the TIF Plan on November 12, 2024 for fiscal and economic implications and will consider a resolution to approve the TIF Plan. The County Board will review the TIF Plan on November 26, 2024 for fiscal and economic implications and will consider a resolution to approve 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 Tax Increment Financing District No. 1-17: Oppidan Workforce Housing 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 development proposed in this plan is an anticipated 132 units of market rate rental housing that meets the City's objectives for economic development and need for housing in the City. The cost of land acquisition, construction of improvements to the Property, and related site improvements necessary to maximize development potential, makes development of the facility infeasible without City assistance. 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 District permitted by the TIF Plan:* The City supported this finding on the grounds that the cost of land acquisition, site and public improvements and utilities add to the total development cost and the project includes approximately 132 units of market rate rental housing. 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.

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 \$13,809,120 (see Appendix B of the TIF Plan)
- 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 \$1,553,018 (see Appendix B of the TIF Plan).
- 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 \$12,256,102 (the amount in clause b less the amount in clause c) without tax increment assistance.

3. *Finding that the TIF Plan for Tax Increment Financing District No. 1-17: Oppidan Workforce Housing 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 Tax Increment Financing Plan for Tax Increment Financing District No. 1-17: Oppidan Workforce Housing will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development of Municipal Development District No. 1 by private enterprise.*

The project to be assisted by the District will result in an increased tax base of the State, develop urgently needed workforce housing to serve employees of businesses located in the municipality or surrounding area, provide housing options for the City, help maintain and attract workers in the City for current and future employers, and add a high- quality development to the City.



## Appendix D: Market Study

Copies of the market studies are available from the Community Development Director:

- Preliminary Market Assessment for General Occupancy Market Rate Rental Housing in Grand Rapids dated September 20, 2022, by Maxfield Research & Consulting
- Grand Rapids and Cohasset Housing Studies Limited Update dated September 2022, by Community Partners Research, Inc.
- Comprehensive Housing Study for Itasca County: Full Report Itasca County, Minnesota Prepared for the Itasca County Housing and Redevelopment Authority (HRA), dated August 8, 2024, by LOCi Consulting LLC.
- Results of Survey conducted by City staff and consultants.
- Copy of letter from Yanmar Compact Equipment North America.