



MEMORANDUM

To: City of Maple Plain
From: Tammy Omdal
Date: February 2, 2026
Re: Tax Increment Financing (TIF) District 2-1

The City of Maple Plain (the “City”) received an application from North Shore Development Partners (the “Developer”) for public financial assistance to assist with redevelopment of property and the construction by the Developer of a multi-family housing / apartment complex consisting of approximately 95 rental housing units (the “Project”).

The Project is located at south of Highway 12, north of Main Street, west of Budd Ave. and east of Maple Street in the City. The parcels that will be included within the boundaries of the proposed tax increment financing district includes the following five parcels identified (PID) as: 2411824340069; 2411824340028; 2411824340070; 2411824340031; and 2411824340033 (the “Property”). The Property is proposed to be platted into one parcel for the Project. The Main and Maple legal description is proposed as follows:

Main and Maple Legal Description:

Lots 6, 7, 8, and 9, Block 1, “West Maple Plain,” Hennepin County, Minnesota;
That part of Lots 3, 4, and 5, Block 1, “West Maple Plain,” lying southerly of the centerline of U.S. Trunk Highway No. 12, as now located and established; That part of the north 65 feet of Lot 10, Block 1, “West Maple Plain,” lying southerly of Trunk Highway No. 12, as now located and established; EXCEPTING Tract A and Tract B as described in Quit Claim Deed Document No. 11199880; Together with notice that a portion of the premises is Registered Land under Certificate of Title No. 1414115.

Subject to approval of the request for financial assistance, the Developer plans to commence construction of the Project by April 1, 2026, and complete construction by May 1, 2027.

The cost of the Project is estimated at approximately \$21.7 million based on the Developer’s pro forma as of December 18, 2025. The Developer’s request for financial assistance is to assist with the extraordinary costs of redevelopment of the Property. The Developer has stated that it will not undertake the Project as proposed without the approval of the financial assistance.

It is Northland’s opinion that the Project as proposed is unlikely to occur but for the proposed financial assistance, inclusive of the tax increment financing (TIF). Without the financial assistance, the Project is not expected to achieve the level of debt service coverage and returns needed to secure the necessary private financing and equity investment.

Northland finds that it is reasonable for the City to consider financial assistance through tax increment financing for the Project. The redevelopment of the Property will provide rental housing units within the City and development and economic activity within the City on a site that the City has desired redevelopment for many years. The Project will not occur solely through private investment within the reasonably foreseeable future without financial assistance.

Public Financial Assistance

The Developer is seeking financial assistance from the City in the form of pay-go tax increment financing assistance and waving or a reduction of certain City fees. The tax increment revenue is proposed to come from the establishment of Tax Increment Financing (Redevelopment) District No. 2-1 (the “TIF District”) within the proposed Development District No. 2 (the “Project Area”). The boundaries of the Project Area will be coterminous with the City’s municipal boundaries.

The City Council will hold a public hearing on February 9, 2025, to consider approval of the establishment of the TIF District and the Project Area, among other items.

Based on Northland’s analysis of the financial information provided by the Developer, the following terms for tax increment financing assistance to the Developer are proposed:

- Proposed terms will be subject to a Development Agreement (the “Agreement”) between the Developer and the City.
- Maximum term of 26 years for TIF assistance for duration of the TIF District and assistance to the Developer.
- TIF “pay-go” revenue note (the “TIF Note”) to be issued to reimburse of \$2,889,000 of qualified costs for the Project incurred by the Developer, plus interest at rate of 5.75%, from the estimated dated date of issue 8/1/2027, per annum to the earlier of maturity or prepayment.
- Total estimated “pay-go” payments to the Developer over 26 years is estimated to be approximately \$5.2 million, including principal and interest payments. The TIF Note will be payable solely from net available semi-annual tax increments. Net available semi-annual tax increments shall be based on 70% of the tax increment collected from the Project.
- The TIF Note shall bear simple, non-compounding interest from the date that the City has determined paid invoices, as paid by the Developer, in compliance with the terms of the Agreement. First payment on the TIF Note shall be 8/1/2028, and on each February 1 and August 1 thereafter to and including 2/1/2054, or when the principal and interest payable have been paid in full, whichever occurs earlier.
- The Property shall not be subject to a minimum assessment agreement.

Exhibit A provides a summary of the estimated tax increment cash flow from the TIF District available to reimburse the Developer for TIF eligible qualified costs.

Review of Application for Assistance

Northland completed a review of the Developer’s application for financial assistance. Northland reviewed project cost estimates to ensure all anticipated sources and uses for the Project were properly included.

Exhibit B provides information on the sources and uses of funds for the Project. Exhibit C provides a summary of the Developer pro forma for the Project. Based on a review of the estimated pro forma for the Project and under current market conditions, we find that the Project, as proposed, may not reasonably be expected to occur solely through private investment within the reasonably near future. Due to the costs associated with the redevelopment of the Property, the Project as proposed is feasible only through assistance, in part, from TIF. This conclusion is supported by the following:

- The Developer plans for the \$21.7 million cost for the Project to be funded from a combination of debt (72.5%), equity (24.7%), and deferred developer fee (2.8%). The present value of the estimated future tax increment revenue from the TIF Note payments to the
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Developer reduces the effective cost of the Project by an estimated \$2,889,000. Based on estimated net operating income, the effective return without financial assistance is not at a level the Project, as proposed, would proceed.

- The total estimated cost per unit for the Project is estimated at approximately \$228,021 for the construction of 95 units. Based on Northland's experience with similar projects and given the location of the Project, we find the estimated cost per unit to be reasonable.
 - The estimated average gross monthly rent for units, in the first stabilized year of the Project (2029), is estimated at approximately \$1,683 per month. The annual total gross rental income for the Project is estimated at \$1,918,620 the first year of stabilized occupancy (2029), before adjusting for estimated apartment vacancy and rental loss of 5%.
 - The total annual expense, operating and non-operating, including property taxes, is estimated at \$9,585 per unit. This average estimated cost per unit is reasonable.
 - The estimated average debt service coverage with tax increment financing is estimated to average 1.37X during the first ten years of operations, and without financial assistance the average is 0.96X. The coverage for the mortgage without the tax increment is not at a level that we would expect the Project, as proposed, to proceed. The financing of this type of project would be expected to be at a minimum of approximately 1.3X coverage.
 - The year-to-date average cash-on-cash return is projected to reach an estimated 6.4% by year ten of the Project with financial assistance and 2.5% without assistance. By the final year of the TIF District, the estimated year-to-date average cash-on-cash return is projected at 10.5% with assistance and 6.7% without TIF assistance.
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EXHIBIT A
City of Maple Plain
Tax Increment Financing District No. 2-1 (Redevelopment)
Maple and Main Redevelopment
Projected Tax Increment Financing (TIF) Cash Flow and Real Estate Taxes

TIF District Year	Taxes Payable Year	Taxable Market Value (TMV)	Captured Tax Capacity for TIF	Available TIF from District	TIF to City	Net Available TIF to Developer	% of Available TIF from District	PV Net Available TIF to Developer (at 5.75% rate)	Total Real Estate Taxes
1	2028	14,962,500	173,152	203,393	61,018	142,375	70.0%	140,386	248,905
2	2029	21,588,750	255,981	300,687	90,206	210,481	70.0%	336,487	359,134
3	2030	21,804,638	258,679	303,856	91,157	212,699	70.0%	523,735	362,725
4	2031	22,022,684	261,405	307,058	92,117	214,940	70.0%	702,526	366,352
5	2032	22,242,911	264,158	310,292	93,088	217,204	70.0%	873,244	370,016
6	2033	22,465,340	266,938	313,558	94,067	219,491	70.0%	1,036,251	373,717
7	2034	22,689,993	269,746	316,856	95,057	221,799	70.0%	1,191,894	377,453
8	2035	22,916,893	272,582	320,188	96,056	224,132	70.0%	1,340,506	381,228
9	2036	23,146,062	275,447	323,553	97,066	226,487	70.0%	1,482,404	385,040
10	2037	23,377,523	278,340	326,952	98,086	228,866	70.0%	1,617,890	388,891
11	2038	23,611,298	281,262	330,384	99,115	231,269	70.0%	1,747,252	392,780
12	2039	23,847,411	284,214	333,851	100,155	233,696	70.0%	1,870,768	396,707
13	2040	24,085,885	287,195	337,352	101,206	236,147	70.0%	1,988,701	400,674
14	2041	24,326,744	290,206	340,888	102,267	238,622	70.0%	2,101,302	404,681
15	2042	24,570,011	293,246	344,460	103,338	241,122	70.0%	2,208,812	408,728
16	2043	24,815,711	296,318	348,068	104,421	243,648	70.0%	2,311,461	412,815
17	2044	25,063,869	299,420	351,712	105,514	246,199	70.0%	2,409,469	416,944
18	2045	25,314,507	302,553	355,392	106,618	248,774	70.0%	2,503,044	421,113
19	2046	25,567,652	305,717	359,110	107,733	251,377	70.0%	2,592,387	425,324
20	2047	25,823,329	308,913	362,863	108,859	254,004	70.0%	2,677,688	429,577
21	2048	26,081,562	312,141	366,655	109,997	256,659	70.0%	2,759,130	433,873
22	2049	26,342,378	315,401	370,484	111,145	259,339	70.0%	2,836,888	438,212
23	2050	26,605,802	318,694	374,352	190,409	183,943	49.1%	2,889,000	442,594
24	2051	26,871,860	322,019	378,259	378,259	0	0.0%	-	447,020
25	2052	27,140,578	325,378	382,204	382,204	0	0.0%	-	451,489
26	2053	27,411,984	328,771	386,190	386,190	0	0.0%	-	456,005
				8,748,619	3,505,346	5,243,273		2,889,000	

Key Assumptions:

- 1 Taxable market value (TMV) annual growth assumption = 1.0%.
- 2 Original Tax Capacity Rate for calculation of Available TIF from District is estimated based on Taxes Payable Year 2025 rate of 117.89%.
- 3 Election for captured tax capacity is 100.00%.
- 4 Base Tax Capacity is calculated based on estimated TMV value of the Property within the TIF District. Base value will be established based on final plat of the Property and TMV at time of request for certification of the TIF District.
- 5 Present Value (PV) Net Available TIF calculated on semi-annual payments and stated rates above and dated date 8/1/2028.
- 6 TMV is estimated based on an approximately 95-unit apartment building with underground parking with estimated average value of approximately \$225,000/unit (today's dollars) with no retail-commercial included.
- 7 Available TIF from District is after deduction of State Auditor Fee (0.36%).
- 8 City to elect 2028 as first year of tax increment collection. Analysis assumes project is 70% completed in 2026 for taxes first payable in 2028.

EXHIBIT B
City of Maple Plain
Redevelopment of Property for Housing Project with 95 Market Rate Housing Units
Developer Sources and Uses of Funds for Construction

	Total Project Cost	% of Total	Per Unit Average
Sources of Funds			
Debt Financing (1st Mortgage and TIF Loan from Lender)	\$13,128,600	60.6%	\$138,196
TIF Loan from Lender	\$2,583,000	11.9%	\$27,189
Deferred Developer Fee	\$600,000	2.8%	\$6,316
Equity	\$5,350,363	24.7%	\$56,320
Total Sources of Funds	\$21,661,963	100.0%	\$228,021
Uses of Funds			
Land Acquisition	\$100,000	0.46%	\$1,053
Building Construction	\$17,575,000	81.13%	\$185,000
Construction and Soft Cost Contingency	\$592,250	2.73%	\$6,234
City Storm Water Connection Fee	\$190,000	0.88%	\$2,000
City Park Dedication Fee	\$209,000	0.96%	\$2,200
Metropolitan Council SAC Fee	\$111,825	0.52%	\$1,177
Professional Design Consultant Fees	\$375,000	1.73%	\$3,947
Developer Fee	\$600,000	2.77%	\$6,316
Financing Fees, Carrying Cost During Construction, CIF	\$1,093,609	5.05%	\$11,512
Other Soft Costs	\$815,279	3.76%	\$8,582
Total Uses of Funds	\$21,661,963	100.00%	\$228,021

Housing Units 95

Notes:

1/ Prepared by Northland from information provided by Developer and information provided by City.

EXHIBIT C
City of Maple Plain
Redevelopment of Property for Housing Project with 95 Market Rate Housing Units
Summary Pro Forma - All Amounts are Estimates for Planning Purposes

Calendar Year Year of TIF District	2032 Year 5	2037 Year 10	2042 Year 15	2047 Year 20	2053 Year 26
Income before TIF	2,210,868	2,440,977	2,695,035	2,975,537	3,350,938
TIF to Developer	217,204	228,866	241,122	254,004	-
Income after TIF	2,428,072	2,669,843	2,936,158	3,229,541	3,350,938
Less operating expense (not including property tax)	615,677	677,780	746,346	822,049	923,363
Less property taxes	370,016	388,891	408,728	429,577	456,005
Net operating income	1,442,379	1,603,172	1,781,084	1,977,915	1,971,570
Less debt service	1,171,250	1,171,250	1,171,250	1,171,250	1,171,250
Net cash flow with TIF	271,129	431,922	609,834	806,665	800,320
YTD Average Cash on cash with TIF (NOI / Equity)	6.0%	6.4%	7.6%	9.1%	10.5%
YTD Average Cash on cash without TIF	2.3%	2.5%	3.5%	4.9%	6.7%
YTD Average Cash on Cost with TIF (NOI / TDC)	6.0%	6.5%	7.0%	7.4%	7.8%
YTD Average Cash on Cost without TIF	5.0%	5.6%	6.0%	6.4%	6.9%
YTD Average Debt coverage with TIF	1.44	1.37	1.40	1.46	1.51
YTD Average Debt coverage without TIF	0.99	0.96	0.99	1.04	1.15
YTD TIF to Developer	997,700	2,118,475	3,299,330	4,543,332	5,243,273
Present Value of YTD TIF to Developer (5.75% Rate)	873,244	1,617,890	2,208,812	2,677,688	2,889,000

Notes:

- 1/ Total Development Cost (TDC): 21,661,963
- 2/ Developer Equity (Equity): 5,350,363
- 3/ Estimated par amount of reimbursement to developer is \$2,889,000, payable semi-annually solely from available tax increment with interest at 5.75%. First payment 8/1/2028, and on each February 1 and August 1 thereafter to and including 2/1/2051, or when the principal and interest payable have been paid in full, whichever occurs earlier.
- 4/ Income before TIF, operating expense, and debt service are based on estimates prepared by Developer and submitted with application to City, with the exception of estimated TIF to Developer and Property Taxes, which are estimates prepared by Northland Public Finance.