

Schrom Construction TIF Request

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Project Overview

- Schrom Construction

- Southeast Minnesota Construction Company specializing in affordable housing
- Operating since 2011
- Located in Eagle Lake, MN
- Completed projects in 9 different communities totaling 309 units of housing

- Housing Project Opportunity

- Identified the demand for affordable housing in Northfield
- Approached City regarding infill lots available
- Acquiring property at Maple Street South and Ford Street East
- Request for Tax Increment Financing
 - Site Improvements (Maple Street construction and Site Preparation)




Site Location

- 2.4 Acres
- Maple Street to be extended to service the project



Type of Housing

- Workforce Housing
 - 24 townhome units to be constructed
 - Four and six unit row style townhomes
 - Providing a mix of two and three bedrooms
 - Individual attached garage parking
 - Additional parking available on site
 - Buildings constructed for optimal energy efficiency
 - Reducing environmental impacts
 - High efficiency HVAC Systems
 - Energy efficient appliances
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City Strategic Planning Goals

- Affordable Housing Needs
 - Current rental vacancy rate in Northfield <1%
 - Vacancy rates of 5% indicate healthy rental market
 - Low vacancy rates can inflate rental prices due to high demand
 - MN Statute restricts housing TIFs to specific rental prices
 - 20% of the units will be affordable for 50% AMI renters (5 units)
 - Other 19 units will be affordable for 80% AMI
 - City Strategic Plan target 40 affordable/workforce units
 - 24 units could be defined as both affordable and workforce
 - HRA supports TIF

Northfield Area Median
Income - \$54,642
50% AMI - \$27,321
80% AMI - \$43,713

*2016 ACS Data

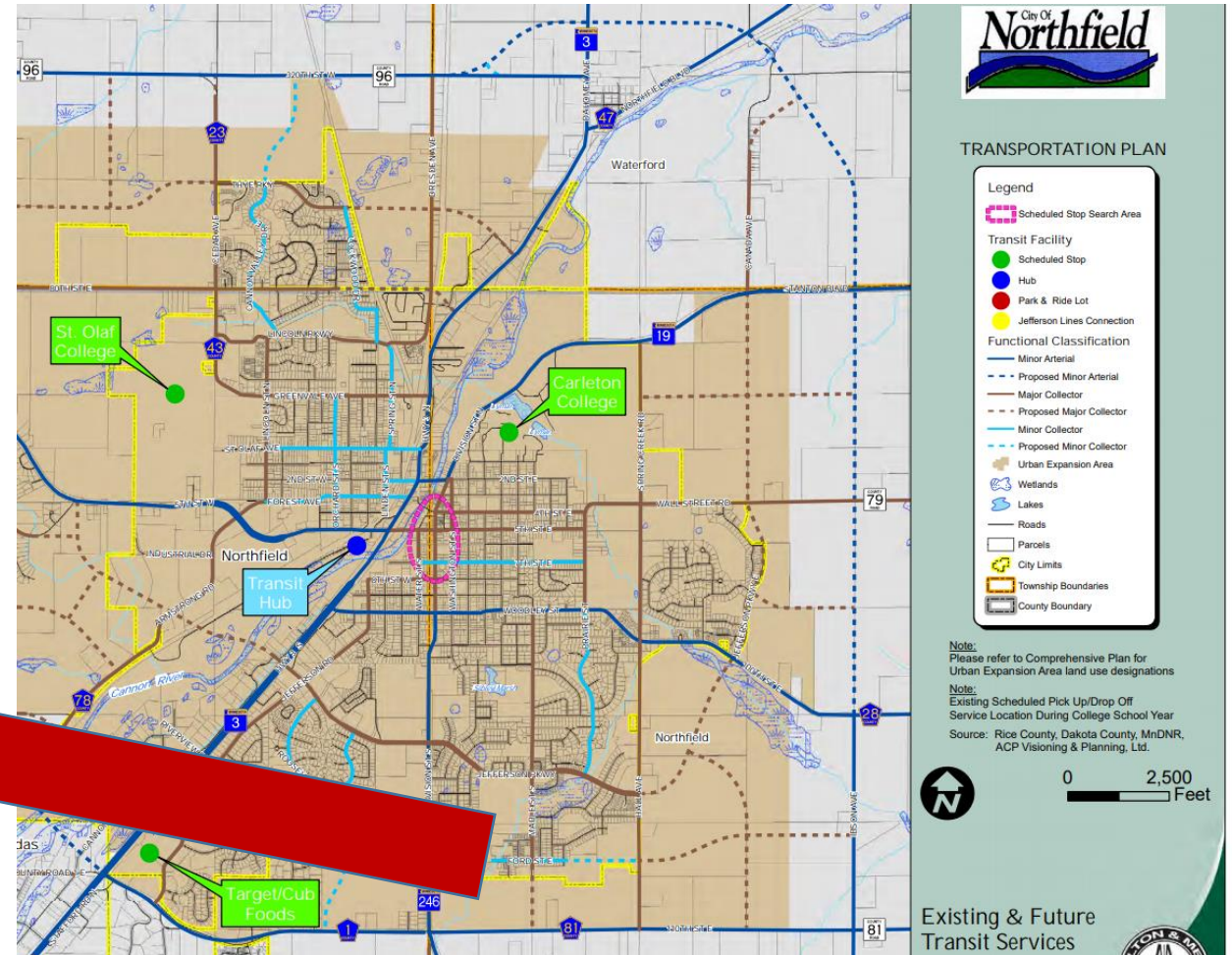
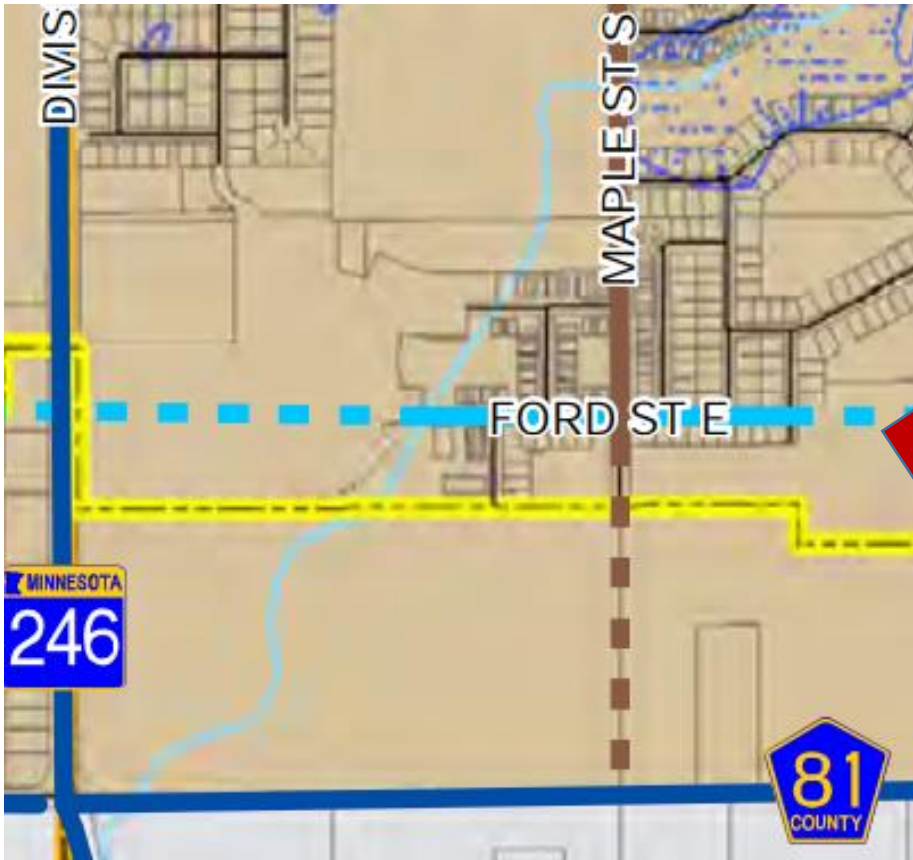


Project Examples




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Future Street Layout



Maple Street & Ford Street
*Intersection of a Minor and Major Collector

Tax Increment Financing

- Project need for assistance
 - For project to occur in Northfield, major site improvements are required
 - Significant costs related to road construction, site preparation and foundation
 - Project could occur elsewhere (Developer has identified other communities)
 - \$3.8 million project
 - Tax Increment Financing
 - Housing Development TIF District (25-year duration)
 - Capture increment for affordable housing projects (i.e. rent restricted per statute)
 - Current request set up for a “Pay-as-you-go;” no up-front financing requested, assistance with cash flow over the duration of the TIF
 - Project assistance with site improvements and annual cash shortfall (Total Amount to be determined)
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Schedule of Events

- Staff and Ehlers Review
 - Recommended approval of the Business Subsidy (TIF)
 - HRA Board met February 26
 - Approved Resolution recommending Council approval of Business Subsidy (Housing Development TIF District)
 - Planning Commission held review of variances April 18
 - Variances approved for development
 - City Council to hold Public Hearing on July 2 & July 23
 - Public Hearing for TIF Plan
 - City Council Meeting on July 23
 - Approve the TIF District
 - Approve the TIF Agreement
 - Approve the Public Improvements Development Agreement
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