

Adoption Date: May 17, 2022

# City of Northfield

## Rice County, Minnesota

### MODIFICATION TO THE DEVELOPMENT PROGRAM

Master Development District

&

### Tax Increment Financing (TIF) Plan

Establishment of Heritage Lofts

Tax Increment Financing District

(a housing district)



---

Prepared by:

Ehlers  
3060 Centre Pointe Drive  
Roseville, Minnesota 55113

---

**BUILDING COMMUNITIES. IT'S WHAT WE DO.**

# TABLE OF CONTENTS

<b>Modification to the Development Program for Master Development District</b>	<b>1</b>
FOREWORD	1
<b>Tax Increment Financing Plan for the Heritage Lofts Tax Increment Financing District</b>	<b>2</b>
FOREWORD	2
STATUTORY AUTHORITY	2
STATEMENT OF OBJECTIVES	2
DEVELOPMENT PROGRAM OVERVIEW	3
DESCRIPTION OF PROPERTY IN THE DISTRICT AND PROPERTY TO BE ACQUIRED	3
DISTRICT CLASSIFICATION	4
DURATION & FIRST YEAR OF DISTRICT'S TAX INCREMENT	4
ORIGINAL TAX CAPACITY, TAX RATE & ESTIMATED CAPTURED NET TAX CAPACITY VALUE/INCREMENT & NOTIFICATION OF PRIOR PLANNED IMPROVEMENTS	5
SOURCES OF REVENUE/BONDS TO BE ISSUED	6
USES OF FUNDS	7
ESTIMATED IMPACT ON OTHER TAXING JURISDICTIONS	8
SUPPORTING DOCUMENTATION	10
DISTRICT ADMINISTRATION	10
<b>Appendix A: Map of Master Development District and the TIF District</b>	
<b>Appendix B: Estimated Cash Flow for the District</b>	
<b>Appendix C: Findings Including But/For Qualifications</b>	

# **Modification to the Development Program for Master Development District**

## **FOREWORD**

The following text represents a Modification to the Development Program for Master Development District. This modification represents a continuation of the goals and objectives set forth in the Development Program for Master Development District. Generally, the substantive changes include the establishment of the Heritage Lofts Tax Increment Financing District and an expansion of the Master Development District to be coterminous with the corporate boundaries of the City of Northfield, as depicted in Appendix A.

The description of the Master Development District in the Development Program is amended to add and include the property depicted in Appendix A attached hereto. The depicted property is hereby and shall be incorporated into any other maps depicting the Master Development District.

For further information, a review of the Development Program for Master Development District, is recommended. It is available from the Economic Development Coordinator at the City of Northfield. Other relevant information is contained in the Tax Increment Financing Plans for the Tax Increment Financing Districts located within the Master Development District.

# **Tax Increment Financing Plan for the Heritage Lofts Tax Increment Financing District**

## **FOREWORD**

The City of Northfield (the "City"), staff and consultants have prepared the following information to expedite the Establishment of the Heritage Lofts Tax Increment Financing District (the "TIF District"), a housing tax increment financing district, located in the Master Development District.

## **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 (the "Municipal Development Act"), 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 TIF District. Other relevant information is contained in the Modification to the Development Program for the Master Development District.

## **STATEMENT OF OBJECTIVES**

The TIF 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 the property into a mixed-income, 90-unit multifamily apartment facility including underground parking, on-site stormwater retention and green building design in compliance with the City's Sustainable Building Policy. The City anticipates entering into an agreement with Nexus Outreach LLC, or its affiliate, as the developer. Development is anticipated to begin in 2022. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for the Master Development District.

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 the Master Development District and the TIF District.

## DEVELOPMENT PROGRAM OVERVIEW

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

1. Property to be Acquired - Selected property located within the TIF 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 City may sell to a developer selected properties that it may acquire within the TIF District or may lease land or facilities to a developer.
4. The City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the TIF District as described in this TIF Plan.

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

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

Parcel number	Address	Owner
22.11.1.80.004	2150 Declaration St.	River Edge Prop.

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

The City may acquire any parcel within the TIF District including interior and adjacent street rights of way. Any properties identified for acquisition will be acquired by the 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 TIF Plan. The 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.

## **TIF DISTRICT CLASSIFICATION**

The City, in determining the need to create a tax increment financing district in accordance with the TIF Act, finds that the District, to be established, is a housing district pursuant to *M.S., Section 469.174, Subd. 11* and *M.S., Section 469.1761*.

- The District consists of one (1) parcel
- The development will consist of 90 units of multi-family rental housing
- At least 20% of the units will be occupied by person with incomes less than 50% of median income
- No more that 20 percent of the square footage of the building that is receiving assistance from tax increment will consist of commercial, retail or other non-residential uses.

Pursuant to *M.S., Section 469.176, Subd. 7*, the TIF 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 TIF District.

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

Pursuant to *M.S., Section 469.175, Subd. 1*, and *Section 469.176, Subd. 1*, the duration and first year of tax increment of the TIF District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the TIF District will be 25 years after receipt of the first increment by the City (a total of 26 years of tax increment). The City elects to receive the first tax increment in 2025, which is no later than four years following the year of approval of the TIF District.

Thus, it is estimated that the TIF District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2050, 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 TIF District will be based on the market values placed on the property by the assessor in 2021 for taxes payable 2022.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2025) 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 TIF 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 TIF 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 2022, assuming the request for certification is made before June 30, 2022). The ONTC and the Original Local Tax Rate for the District appear in the table below.

Pursuant to *M.S., Section 469.174 Subd. 4* and *M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the TIF District, within the Master Development District, upon completion of the project within the TIF District, will annually approximate tax increment revenues as shown in the table below. The City requests 100 percent of the available increase in tax capacity for repayment of its obligations and current expenditures, beginning in the tax year payable 2025. The Project Tax Capacity (PTC) listed is an estimate of values when the project within the TIF District are completed.

Project Tax Capacity		
Estimated Project Tax Capacity (PTC) at completion	203,426	
Estimated Original Net Tax Capacity (ONTC)	<u>6,435</u>	
<b>Estimated Captured Tax Capacity (CTC)</b>	<b>196,991</b>	
Original Local Tax Rate	<u>129.6130%</u>	Pay 2022
<b>Estimated Annual Tax Increment</b>	<b>\$255,326</b>	
Percent Retained by the City	100%	

Note: Tax capacity includes a 1.00% inflation factor for the duration of the TIF District. The tax capacity included in this chart is the estimated tax capacity of the TIF District in year 25. The tax capacity of the TIF District in year one is estimated to be \$158,625.

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 TIF District enlargement pursuant to *M.S., Section 469.175, Subd. 4*, with a listing of all properties within the TIF 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 TIF 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 TIF 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 TIF District are shown in the table below:

SOURCES	
Tax Increment	\$ 5,832,501
Interest	<u>583,250</u>
<b>TOTAL</b>	<b>\$ 6,415,751</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 incur bonds or other indebtedness as a result of the TIF Plan. As presently proposed, the projects within the TIF District will be financed by a Pay-as-you-go TIF Note and/or interfund loans. Any refunding amounts will be deemed a budgeted cost without a formal TIF Plan Modification. 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 (as defined in the TIF Act) secured in whole or in part with tax increments from the TIF District in a maximum principal amount of \$4,065,751. 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 TIF District is a proposal to facilitate the development of the property into a mixed-income, 90-unit multifamily apartment facility in the City. The City has determined that it will be necessary to provide assistance to the project for certain TIF District costs, as described.

The City has studied the feasibility of the development or redevelopment of property in and around the TIF District. To facilitate the establishment and development or redevelopment of the TIF 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 TIF District is outlined in the following table.

USES	
Affordable Housing	3,482,501
Administrative Costs (up to 10%)	583,250
<b>PROJECT COSTS TOTAL</b>	<b>\$ 4,065,751</b>
Interest	2,350,000
<b>PROJECT AND INTEREST COSTS TOTAL</b>	<b>\$ 6,415,751</b>

The total TIF District project cost, including financing costs (interest) listed in the table above does not exceed the total projected tax increments for the TIF District as shown in the Sources of Revenue section.

Estimated costs associated with the TIF District are subject to change among categories without a modification to this TIF Plan. The cost of all activities to be considered for tax increment financing will not exceed, without formal modification, the budget above pursuant to the applicable statutory requirements. The City may expend funds for qualified housing activities outside of the TIF District boundaries.

## 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 TIF 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 TIF District would be as follows if the "but for" test was not met:

Impact on Tax Base			
Entity	2021/Pay 2022 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) upon completion	Percent of CTC to Entity Total
Rice County	77,724,191	196,991	<b>0.2534%</b>
City of Northfield	16,946,622	196,991	<b>1.1624%</b>
ISD 659 (Northfield Public Schools)	28,611,164	196,991	<b>0.6885%</b>

Impact on Tax Rates				
Entity	Pay 2022 Extension Rate	Percent of Total	CTC	Potential Taxes
Rice County	39.3410%	30.35%	196,991	<b>\$ 77,498</b>
City of Northfield	59.8670%	46.19%	196,991	<b>117,932</b>
ISD 659 (Northfield Public Schools)	26.9160%	20.77%	196,991	<b>53,022</b>
Other	3.4890%	2.69%	196,991	<b>6,873</b>
	<b>129.6130%</b>	<b>100.00%</b>		<b>\$255,326</b>

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Pay 2022 rate. The total net capacity for the entities listed above are based on Pay 2022 figures. The TIF District is anticipated to be certified under the Pay 2022 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 \$5,832,501;
- (2) Probable impact of the District on city provided services and ability to issue debt. An impact of the TIF District on police protection is expected. With any addition of new residents or businesses, police calls for service will be increased. New developments typically add an increase in traffic and additional overall demands to the call load. Using call history and current budget figures, the City estimates that the development may generate 331 additional calls per year. It also estimates conservatively that if the new development is occupied 100% by new residents in the City, that additional population increase could represent an annual financial impact of 1.2% of operating budget. However, 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 TIF District on fire protection is not expected to be significant. New buildings are expected to 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 TIF 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 is an estimated \$32,000 in additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks. The development in the TIF District is expected to contribute an estimated \$178,353 in sanitary sewer (SAC) and \$77,976 in water (WAC) availability charges.

The probable impact of any TIF District general obligation tax increment bonds on the ability to issue debt for general fund purposes is expected to be minimal. It is not anticipated that there will be any general obligation debt issued in relation to this project, therefore there will be no impact on the City's ability to issue future debt or on the City's debt limit.

- (3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the TIF 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 \$1,211,203;
- (4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the TIF 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 \$1,770,319;
- (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 TIF 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 TIF District.




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 TIF District, which is further outlined in the City Council resolution approving the establishment of the TIF District and Appendix C.

## DISTRICT ADMINISTRATION

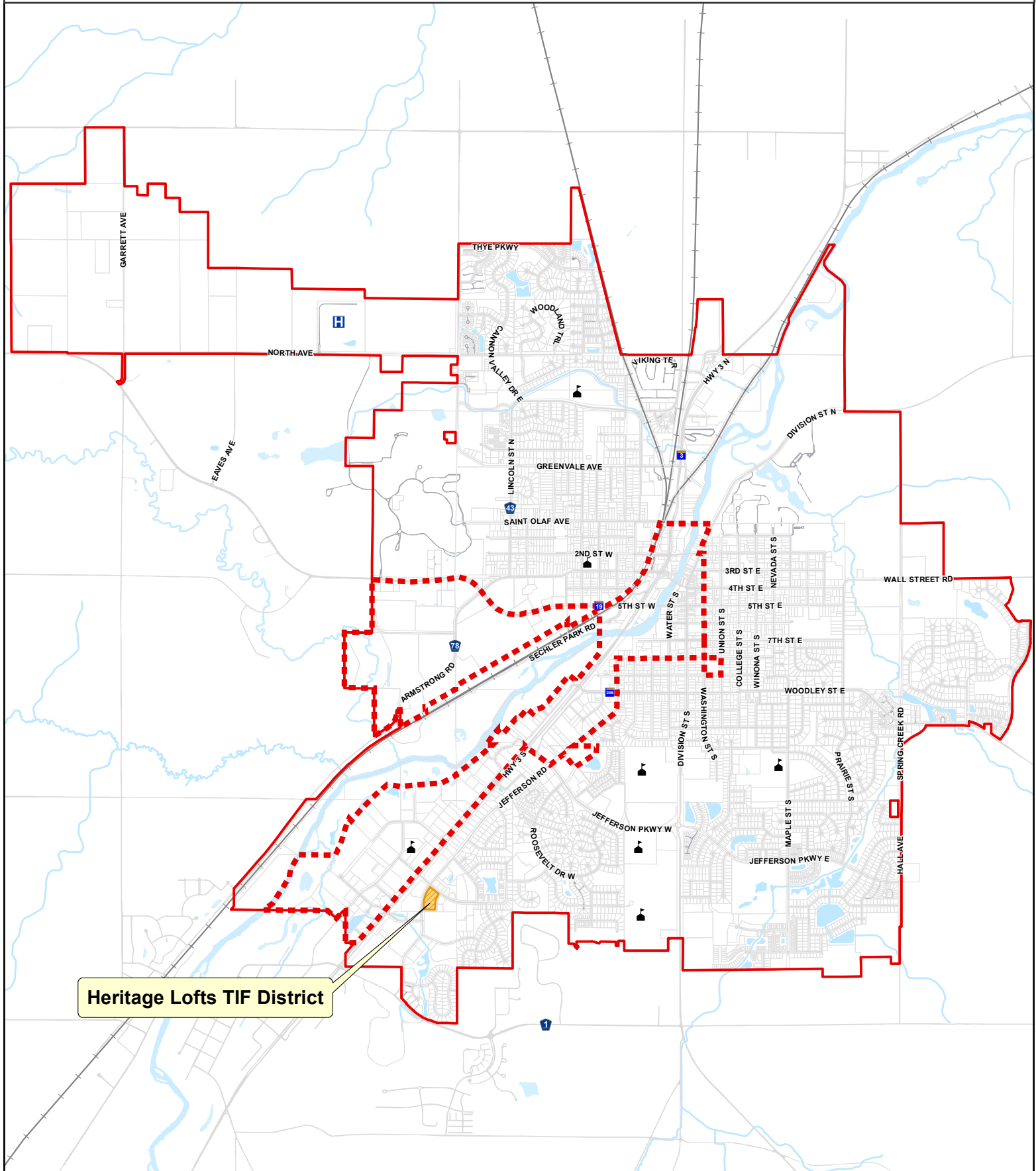
Administration of the TIF District will be handled by the Economic Development Coordinator.

## **Appendix A: Map of Master Development District and the TIF District**

# Heritage Lofts TIF District

-  Heritage Lofts PID 22.11.1.80.004
-  Previous Master Development Area
-  New Master Development Area

The boundaries of the Master Development District are being expanded to be coterminous with the corporate boundaries of the City of Northfield



## **Appendix B: Estimated Cash Flow for the TIF District**

## Heritage Lofts Affordable Housing

City of Northfield, MN

90-unit mixed-income Apartments



## ASSUMPTIONS AND RATES

DistrictType:	Housing
District Name/Number:	Heritage Lofts
County District #:	TBD
First Year Construction or Inflation on Value	2023
Existing District - Specify No. Years Remaining	
Inflation Rate - Every Year:	1.00%
Interest Rate:	5.00%
Present Value Date:	1-Feb-24
First Period Ending	1-Aug-24
Tax Year District was Certified:	Pay 2022
Cashflow Assumes First Tax Increment For Developmer	2025
Years of Tax Increment	26
Assumes Last Year of Tax Increment	2050
Fiscal Disparities Election [Outside (A), Inside (B), or N.	NA
Incremental or Total Fiscal Disparities	
Fiscal Disparities Contribution Ratio	
Fiscal Disparities Metro-Wide Tax Rate	
Maximum/Frozen Local Tax Rate:	129.613% Pay 2022
Current Local Tax Rate: (Use lesser of Current or Max.)	129.613% Pay 2022
State-wide Tax Rate (Comm./Ind. only used for total tax)	36.2890% Pay 2022
Market Value Tax Rate (Used for total taxes)	0.36254% Pay 2022

## Tax Rates

Exempt Class Rate (Exempt)	0.00%
Commercial Industrial Preferred Class Rate (C/I Pref.)	
First \$150,000	1.50%
Over \$150,000	2.00%
Commercial Industrial Class Rate (C/I)	2.00%
Rental Housing Class Rate (Rental)	1.25%
Affordable Rental Housing Class Rate (Aff. Rental)	
First \$100,000	0.75%
Over \$100,000	0.25%
Non-Homestead Residential (Non-H Res. 1 Unit)	
First \$500,000	1.00%
Over \$500,000	1.25%
Homestead Residential Class Rate (Hmstd. Res.)	
First \$500,000	1.00%
Over \$500,000	1.25%
Agricultural Non-Homestead	1.00%

## BASE VALUE INFORMATION (Original Tax Capacity)

Map ID	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/ Phase
1	22.11.1.80.004	River Edge Prop	2150 Declaration St.	514,800	0	514,800	100%	514,800	Pay 2022	C/I Pref.	9,546	Rental	6,435	1
				514,800	0	514,800		514,800			9,546		6,435	

## Note:

1. Base values are for pay 2022 based upon review of County website on 3.24.2022.
2. Located in SD # 659.



## Heritage Lofts Affordable Housing

City of Northfield, MN  
90-unit mixed-income Apartments



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 2023	Percentage Completed 2024	Percentage Completed 2025	Percentage Completed 2026	First Year Full Taxes Payable
1	Apartments	141,000	141,000	90	12,690,000	Rental	158,625	1,763	100%	100%	100%	100%	2025
<b>TOTAL</b>					<b>12,690,000</b>		<b>158,625</b>						
<b>Subtotal Residential</b>				<b>90</b>	<b>12,690,000</b>		<b>158,625</b>						

Note:

1. Market values are based upon estimates provided by the County Assessor's office in 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	158,625	0	158,625	205,599	0	0	46,006	251,605	2,795.61
<b>TOTAL</b>	<b>158,625</b>	<b>0</b>	<b>158,625</b>	<b>205,599</b>	<b>0</b>	<b>0</b>	<b>46,006</b>	<b>251,605</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.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	251,605
less State-wide Taxes	0
less Fiscal Disp. Adj.	0
less Market Value Taxes	(46,006)
less Base Value Taxes	(8,341)
<b>Annual Gross TIF</b>	<b>197,258</b>



## Heritage Lofts Affordable Housing

City of Northfield, MN

90-unit mixed-income Apartments

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
							-	-	-	-	-			08/01/24
														02/01/25
100%	158,625	(6,435)	-	152,190	129.613%	197,258	98,629	(355)	(9,827)	88,447	82,131	0.5	2025	08/01/25
							98,629	(355)	(9,827)	88,447	162,260	1	2025	02/01/26
100%	160,211	(6,435)	-	153,776	129.613%	199,314	99,657	(359)	(9,930)	89,368	241,248	1.5	2026	08/01/26
							99,657	(359)	(9,930)	89,368	318,310	2	2026	02/01/27
100%	161,813	(6,435)	-	155,378	129.613%	201,391	100,695	(363)	(10,033)	90,299	394,276	2.5	2027	08/01/27
							100,695	(363)	(10,033)	90,299	468,389	3	2027	02/01/28
100%	163,431	(6,435)	-	156,996	129.613%	203,488	101,744	(366)	(10,138)	91,240	541,448	3.5	2028	08/01/28
							101,744	(366)	(10,138)	91,240	612,724	4	2028	02/01/29
100%	165,066	(6,435)	-	158,631	129.613%	205,606	102,803	(370)	(10,243)	92,190	682,986	4.5	2029	08/01/29
							102,803	(370)	(10,243)	92,190	751,534	5	2029	02/01/30
100%	166,716	(6,435)	-	160,281	129.613%	207,746	103,873	(374)	(10,350)	93,149	819,106	5.5	2030	08/01/30
							103,873	(374)	(10,350)	93,149	885,030	6	2030	02/01/31
100%	168,384	(6,435)	-	161,949	129.613%	209,906	104,953	(378)	(10,458)	94,118	950,016	6.5	2031	08/01/31
							104,953	(378)	(10,458)	94,118	1,013,416	7	2031	02/01/32
100%	170,067	(6,435)	-	163,632	129.613%	212,089	106,044	(382)	(10,566)	95,096	1,075,913	7.5	2032	08/01/32
							106,044	(382)	(10,566)	95,096	1,136,885	8	2032	02/01/33
100%	171,768	(6,435)	-	165,333	129.613%	214,293	107,147	(386)	(10,676)	96,085	1,196,989	8.5	2033	08/01/33
							107,147	(386)	(10,676)	96,085	1,255,627	9	2033	02/01/34
100%	173,486	(6,435)	-	167,051	129.613%	216,520	108,260	(390)	(10,787)	97,083	1,313,429	9.5	2034	08/01/34
							108,260	(390)	(10,787)	97,083	1,369,821	10	2034	02/01/35
100%	175,221	(6,435)	-	168,786	129.613%	218,768	109,384	(394)	(10,899)	98,091	1,425,409	10.5	2035	08/01/35
							109,384	(394)	(10,899)	98,091	1,479,641	11	2035	02/01/36
100%	176,973	(6,435)	-	170,538	129.613%	221,039	110,520	(398)	(11,012)	99,110	1,533,100	11.5	2036	08/01/36
							110,520	(398)	(11,012)	99,110	1,585,255	12	2036	02/01/37
100%	178,743	(6,435)	-	172,308	129.613%	223,333	111,667	(402)	(11,126)	100,138	1,636,666	12.5	2037	08/01/37
							111,667	(402)	(11,126)	100,138	1,686,822	13	2037	02/01/38
100%	180,530	(6,435)	-	174,095	129.613%	225,650	112,825	(406)	(11,242)	101,177	1,736,264	13.5	2038	08/01/38
							112,825	(406)	(11,242)	101,177	1,784,499	14	2038	02/01/39
100%	182,335	(6,435)	-	175,900	129.613%	227,990	113,995	(410)	(11,358)	102,226	1,832,046	14.5	2039	08/01/39
							113,995	(410)	(11,358)	102,226	1,878,433	15	2039	02/01/40
100%	184,159	(6,435)	-	177,724	129.613%	230,353	115,177	(415)	(11,476)	103,286	1,924,158	15.5	2040	08/01/40
							115,177	(415)	(11,476)	103,286	1,968,768	16	2040	02/01/41
100%	186,000	(6,435)	-	179,565	129.613%	232,740	116,370	(419)	(11,595)	104,356	2,012,740	16.5	2041	08/01/41
							116,370	(419)	(11,595)	104,356	2,055,640	17	2041	02/01/42
100%	187,860	(6,435)	-	181,425	129.613%	235,151	117,575	(423)	(11,715)	105,437	2,097,927	17.5	2042	08/01/42
							117,575	(423)	(11,715)	105,437	2,139,183	18	2042	02/01/43
100%	189,739	(6,435)	-	183,304	129.613%	237,586	118,793	(428)	(11,837)	106,529	2,179,850	18.5	2043	08/01/43
							118,793	(428)	(11,837)	106,529	2,219,524	19	2043	02/01/44
100%	191,636	(6,435)	-	185,201	129.613%	240,045	120,022	(432)	(11,959)	107,631	2,258,632	19.5	2044	08/01/44
							120,022	(432)	(11,959)	107,631	2,296,785	20	2044	02/01/45
100%	193,553	(6,435)	-	187,118	129.613%	242,529	121,264	(437)	(12,083)	108,745	2,334,394	20.5	2045	08/01/45
							121,264	(437)	(12,083)	108,745	2,371,085	21	2045	02/01/46
100%	195,488	(6,435)	-	189,053	129.613%	245,037	122,519	(441)	(12,208)	109,870	2,407,251	21.5	2046	08/01/46
							122,519	(441)	(12,208)	109,870	2,442,535	22	2046	02/01/47
100%	197,443	(6,435)	-	191,008	129.613%	247,571	123,786	(446)	(12,334)	111,006	2,477,315	22.5	2047	08/01/47
							123,786	(446)	(12,334)	111,006	2,511,246	23	2047	02/01/48
100%	199,417	(6,435)	-	192,982	129.613%	250,130	125,065	(450)	(12,461)	112,153	2,544,692	23.5	2048	08/01/48
							125,065	(450)	(12,461)	112,153	2,577,322	24	2048	02/01/49
100%	201,412	(6,435)	-	194,977	129.613%	252,715	126,358	(455)	(12,590)	113,312	2,609,486	24.5	2049	08/01/49
							126,358	(455)	(12,590)	113,312	2,640,864	25	2049	02/01/50
100%	203,426	(6,435)	-	196,991	129.613%	255,326	127,663	(460)	(12,720)	114,483	2,671,794	25.5	2050	08/01/50
							127,663	(460)	(12,720)	114,483	2,701,970	26	2050	02/01/51
<b>Total</b>							<b>5,853,574</b>	<b>(21,073)</b>	<b>(583,250)</b>	<b>5,249,251</b>				
<b>Present Value From 02/01/2024</b>							<b>3,013,035</b>	<b>(10,847)</b>	<b>(300,219)</b>	<b>2,701,970</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 the Heritage Lofts Tax Increment Financing District, as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. *Finding that Heritage Lofts Tax Increment Financing District is a housing district as defined in M.S., Section 469.174, Subd. 11.*

Heritage Lofts Tax Increment Financing District consists of a project or portions of a project intended for occupancy, in part, by persons or families of low and moderate income as defined in Chapter 462A, Title II of the National Housing Act of 1934, the National Housing Act of 1959, the United States Housing Act of 1937, as amended, Title V of the Housing Act of 1949, as amended, and other similar present or future federal, state, or municipal legislation, or the regulation promulgated under and of those acts. The Developer has represented that at least 20% of the units in the Development will be reserved for rental to persons whose annual income does not exceed 50% of applicable area median income and that no more than 20% of the square footage of buildings that receive assistance from tax increments will consist of commercial, retail or other nonresidential uses.

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future.*

The proposed Development will result in the construction of low and moderate income housing units which would not otherwise be constructed in the reasonably foreseeable future. The rents for affordable housing projects do not provide a sufficient return on investment to stimulate new development. The Developer has represented that it could not proceed with the Development without tax increment assistance. The Developer has provided the City its estimated Development proforma outlining project sources and uses as well as projected rent, vacancy, and financing assumptions. City staff and the City's advisors reviewed the information and have determined the Development is not feasible without the proposed assistance due to anticipated rent levels and market returns not supporting the development costs. Based on the review, the City does not expect that a development of this type would occur in the reasonably foreseeable future but for the use of tax increment assistance.

3. *Finding that the TIF Plan for Heritage Lofts Tax Increment Financing District conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The City consulted with its Planning Commission who reviewed the Program Modification and TIF Plan on April 21, 2022. The Commission found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the TIF Plan for Heritage Lofts Tax Increment Financing District will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of the Master Development District by private enterprise.*

The Development proposed to occur within the TIF District is the construction by private enterprise of primarily low and moderate income multi-family housing. The development will increase the taxable market valuation of the City. The available multi-family housing in the City will increase by approximately 90 rental units with the completion of the Development and help fulfill the need for such housing in the City.