



Public Hearing: Sale of 115 5th Street

April 23, 2024 City Council Special Session

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Northfield News Building



- **Acquired to catalyze future redevelopment**
 - City purchased building on 6/21/2022
 - Purchase Price: \$1.2 million
 - Appraised on 1/19/2022 for \$850,000
 - Appraised on 3/29/2024 for \$960,000
 - 2024 County assessed value, \$694,400



Loon Liquor Co.



- **Loon Liquors Co.**
 - Northfield High School graduates
 - First Organic Distillery in MN
 - 90% of products are sourced from within 10 miles
 - Current location, Armstrong Road
- **High-profile setting: “win-win-win”**
 - Expansion to meet business need
 - Enhanced Northfield-area farm-to-table experience
 - Increase value of site
- **“But-For” the City’s acquisition**

Loon Liquor Co.



- **Downtown “Destination” Distillery**

- Purchase property
- Build out Interior
- Purchase new equipment
- Employment projection: 35+ jobs
- More than 100 seats for customers
- Estimated total cost to develop: \$4-\$5 million
- 70-80% of customers are from out of town



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- **Sale Terms**

- Price: \$960,000
 - Based on March 29, 2024 appraisal
- 120-day due diligence period
- Closing on or before October 31, 2024
- Exploring additional financing with EDA and other partners
 - Rice County, SMIF and MCCD



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- **Site Acquisition/Holding Costs Paid to Date**
 - \$1.25 million
 - City used temporary financing “internal service loan” from sewer fund to use as temporary financing for the original purchase
 - ~\$290,000 gap from sale and repayment of internal service loan
- **Plan for Investment Recovery for Internal Service Loan**
 - Loan sale proceeds of \$960,000 will go to majority loan obligation
 - Tax abatement for new taxable value of this property for the City and Rice County for a period of time proposed to recover remaining
 - Northfield Public School District property tax not included in abatement

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- **Tax Abatement Analysis**

- *Conversion to taxable use and new site improvements will create new city and county property tax revenue*
 - *Estimated taxable value upon project completion: \$1,300,000*
 - *Individual abatement can be granted for up to 20 years*

<u>Tax Abatement Analysis</u>		
	<u>Annual Amount</u>	<u>15-year Cumulative*</u>
City Taxes:	15,712	235,680
County Taxes:	8,870	133,050
Combined Abatement:	24,582	368,730

**Projection at current local tax rates and does not assume any appreciation on property value*

Economic Development Tools



- **Land & Property Assembly as a Strategy**
 - Cities commonly assemble land or buildings to facilitate economic development to achieve public goals
 - Downtown redevelopments and industrial parks are particularly common
 - May be councils, eda's, hra's (like Northfield has done), port authorities
- **“Write Down” is Common Using Tools Granted by State**
 - Tax Abatement, Tax Increment Financing, EDA or HRA Levies, Grants, etc.
 - “public goals” can have other returns on investment versus market real estate transactions that have “private goals” with different returns
 - “public returns” benefit to other business, property tax returns, amenity attraction for residents, blight removal, job creation, etc.

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Tonight Actions:

- Close Public Hearing
- Consider approval of Purchase Agreement
- Consider request of County Abatement participation

Next steps:

- Staff schedule City and County Tax Abatement hearings

Purchaser Comments

Loon Liquor Co.



Simeon Rossi & Mark Schiller



- Council Questions
- Open Public Hearing
- Council Discussion
- Council Motion to Close Public Hearing