

Adoption Date: November 2, 2021

City of Northfield, Rice County, Minnesota

MODIFICATION TO THE DEVELOPMENT PROGRAM

Southbridge Development District

&

Tax Increment Financing (TIF) Plan

Establishment of Kraewood Tax Increment Financing
District
(a housing district)



Prepared by:

Ehlers
3060 Centre Pointe Drive
Roseville, Minnesota 55113

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Modification to the Development Program for Southbridge Development District

FOREWORD

The following text represents a Modification to the Development Program for Southbridge Development District. This modification represents a continuation of the goals and objectives set forth in the Development Program for Southbridge Development District. Generally, the substantive changes include the establishment of the Kraewood Tax Increment Financing District and an expansion of the Southbridge Development District as depicted in Appendix A. The description of the Southbridge Development District in the Development Program is amended to add and include the property depicted in Appendix A attached hereto, as further described on page 5, including all adjacent streets, alleys and public rights of way. The depicted property is hereby and shall be incorporated into any other maps depicting the Southbridge Development District.

For further information, a review of the Development Program for Southbridge 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 Southbridge Development District.

Tax Increment Financing Plan for the Kraewood 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 Kraewood Tax Increment Financing District (the "District"), a housing tax increment financing district, located in Southbridge 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 District. Other relevant information is contained in the Modification to the Development Program for Southbridge Development District.

STATEMENT OF OBJECTIVES

The District currently consists of one parcel of land and adjacent roads and internal rights-of-way. The District is being created to facilitate private development of a new 100-unit mixed-income multifamily development consisting of a three-story apartment building with underground and surface parking in the City. The City anticipates entering into an agreement with Rebound Stencil Development, 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 Southbridge 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 Southbridge Development District 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 - Selected property located within the District including interior or adjacent rights of way may be acquired by the City and is further described in this TIF Plan. The City does not intend to exercise the power of eminent domain to acquire property in the District or the Southbridge Development District.
2. 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.
3. The City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District as described in this TIF Plan.

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
22.36.1.50.010	N/A	Paulson

The Property is currently under the process of being replatted. The preliminary legal description proposed for the property to be included within the District is:

Lot 1, Block 5 KRAEWOOD

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

The City may acquire any parcel within the District including interior and adjacent street rights of way. However, the City does not anticipate acquiring any such property at this time. Any properties identified for acquisition will be acquired by the City only in order to accomplish one or more of the following: storm water 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.

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 will consist of one parcel
- The development will consist of 100 units of multi-family rental housing
- At least 40% of the units will be occupied by person with incomes less than 60% of median income
- No more that 20 percent of the square footage of the building that is receiving assistance from tax increment consists of commercial, retail or other non-residential uses.

Pursuant to *M.S., Section 469.176, Subd. 7*, as a housing district 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.

DURATION & FIRST YEAR OF 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 District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the 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 2024, which is no later than the statutory maximum of four years following the year of approval of the District.

Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2049, 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 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 2024) 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 2022, assuming the request for certification is made before June 30, 2022. That rate is not available at the time of drafting this TIF Plan. The Pay 2021 local tax rate is being utilized as an estimate for the Original Local Tax Rate for the TIF District tables throughout this TIF Plan.

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 Southbridge Development District, upon completion of the project within the 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 2024. The Project Tax Capacity (PTC) listed is an estimate of values when the project within the District is completed.

Project Tax Capacity		
Estimated Project Tax Capacity (PTC) at complet	156,457	
Estimated Original Net Tax Capacity (ONTC)	<u>370</u>	
Estimated Captured Tax Capacity (CTC)	156,086	
Original Local Tax Rate	<u>129.7390%</u>	Pay 2021
Estimated Annual Tax Increment	\$202,505	
Percent Retained by the City	100%	

Note: Project Tax Capacity includes a 1.00% 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 25. The tax capacity of the District in year one is estimated to be \$150,000.

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 is reviewing the area to be included in the District to determine if any 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	\$ 4,644,094
Interest	<u>464,409</u>
TOTAL	\$ 5,108,504

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 District will be financed by a Pay-as-you-go TIF Note and/or interfund loan. 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 District in a maximum principal amount of \$5,108,504. Such bonds may be in the form of Pay-as-you-go TIF 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 private development of 100-units of mixed-income rental multifamily housing in the City. The City has determined that it will be necessary to provide assistance to the project for certain District costs, as described.

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.

USES	
Affordable Housing	3,094,095
Administrative Costs (up to 10%)	464,409
PROJECT COSTS TOTAL	\$ 3,558,504
Interest	1,550,000
PROJECT AND INTEREST COSTS TOTAL	\$ 5,108,504

The total District 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 costs associated with the 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 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 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	2020/Pay 2021 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) upon completion	Percent of CTC to Entity Total
Rice County	73,372,641	156,086	0.2127%
City of Northfield	16,076,976	156,086	0.9709%
ISD 659	27,006,277	156,086	0.5780%

Impact on Tax Rates				
Entity	Pay 2021 Extension Rate	Percent of Total	CTC	Potential Taxes
Rice County	39.8580%	30.72%	156,086	\$ 62,213
City of Northfield	56.6610%	43.67%	156,086	88,440
ISD 659	29.8520%	23.01%	156,086	46,595
Other	3.3680%	2.60%	156,086	5,257
	129.7390%	100.00%		\$ 202,505

The estimates listed above display the captured tax capacity when all construction and all activities within the District are completed. The tax rate used for calculations is the Pay 2021 rate. The total net capacity for the entities listed above are based on Pay 2021 figures. The District will be certified under the Pay 2022 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 \$4,644,094;

- (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. Using call history and current budget figures, the City estimates that the development may generate 305 additional calls per year. It also estimates conservatively that if the new development is occupied 100% by new residents to the City, that additional population increase could represent an annual financial impact of \$44,650. 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 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 District on public infrastructure is expected to be minimal. Road and utility improvements necessitated by the project and surrounding development are expected to be paid through private development expenses. The development is not expected to significantly impact any traffic movements in the area. Current infrastructure for sanitary sewer, storm sewer and water will be able to handle the additional volume generated from the proposed development. Based on development plans, there is an estimated \$19,000 in additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks. The development in the District is also expected to contribute an estimated \$289,100 in sanitary sewer (SAC) and water (WAC) connection fees.

The probable impact of any 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 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 \$1,068,572;
- (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, \$1,426,744;
- (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* 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 District.

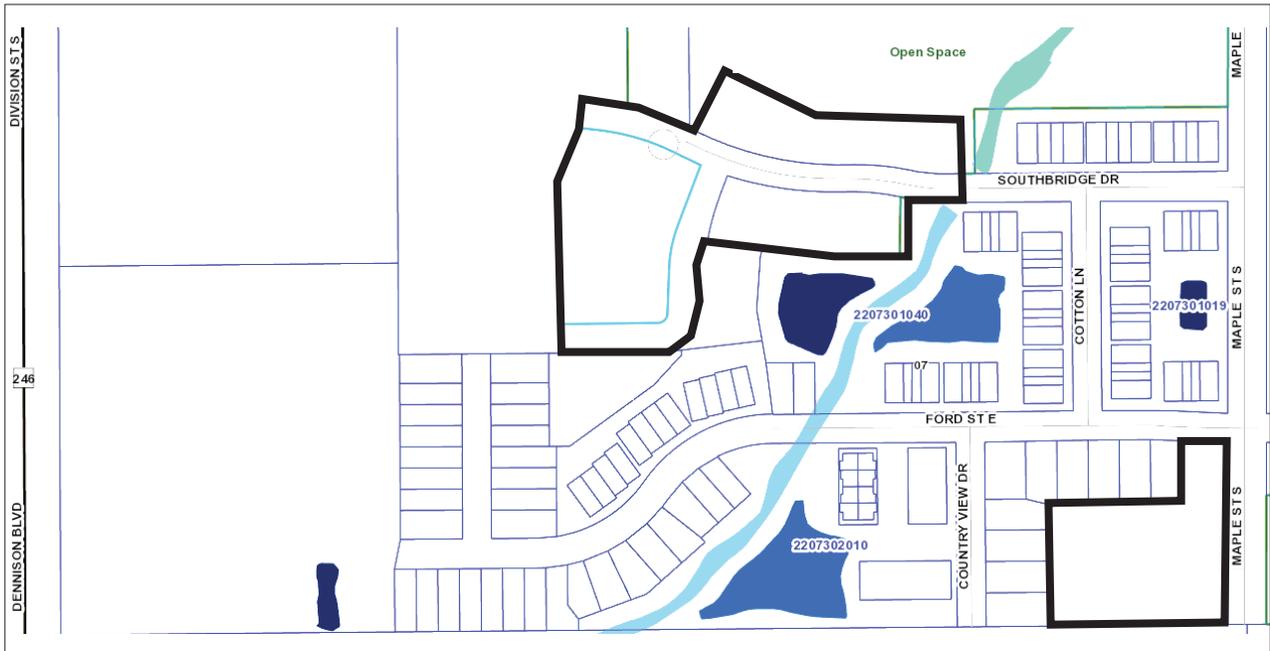
In making said determination, reliance has been placed upon (1) written representation made by the developer to such effects, (2) review of the developer's proforma; and (3) City staff awareness of the feasibility of developing the project site within the District, which is further outlined in the City Council resolution approving the establishment of the TIF District.

DISTRICT ADMINISTRATION

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

Appendix A: Map of Southbridge Development District and the TIF District and the Proposed Plat for the Property

**Southbridge Development District
Kraewood Tax Increment Financing District
City of Northfield
Rice County, Minnesota**



-  Southbridge Development District
-  Southbridge Development District as expanded
-  Kraewood Tax Increment Financing District

PRELIMINARY PLAT: KRAEWOOD

PRELIMINARY PLAT GENERAL NOTES

PROPERTY DESCRIPTION:

That part of the East Half of Government Lot 5, Section 36, Township 112, Range 20, Rice County, Minnesota, which lies northerly of the south 66.00 feet thereof.
Together with
The north 370.00 feet of the west half of Government Lot 4, said Section 36.

DATE OF PREPARATION:

6-17-2021

APPLICANT:

Rebound Real Estate LLC
Contact: Scott Koester
527 Professional Drive, Suite 100
Northfield, MN 55057
skoester@reboundpartners.com

AREAS:

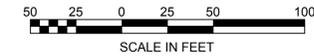
The Gross land area is 561,051 +/- square feet or 12.870 +/- acres.

FLOOD ZONE:

This property is contained in Zone X (area determined to be outside the 0.2% annual chance floodplain) per Flood Insurance Rate Map, Community Panel No. 27131C0158D, effective date of April, 3rd, 2012.

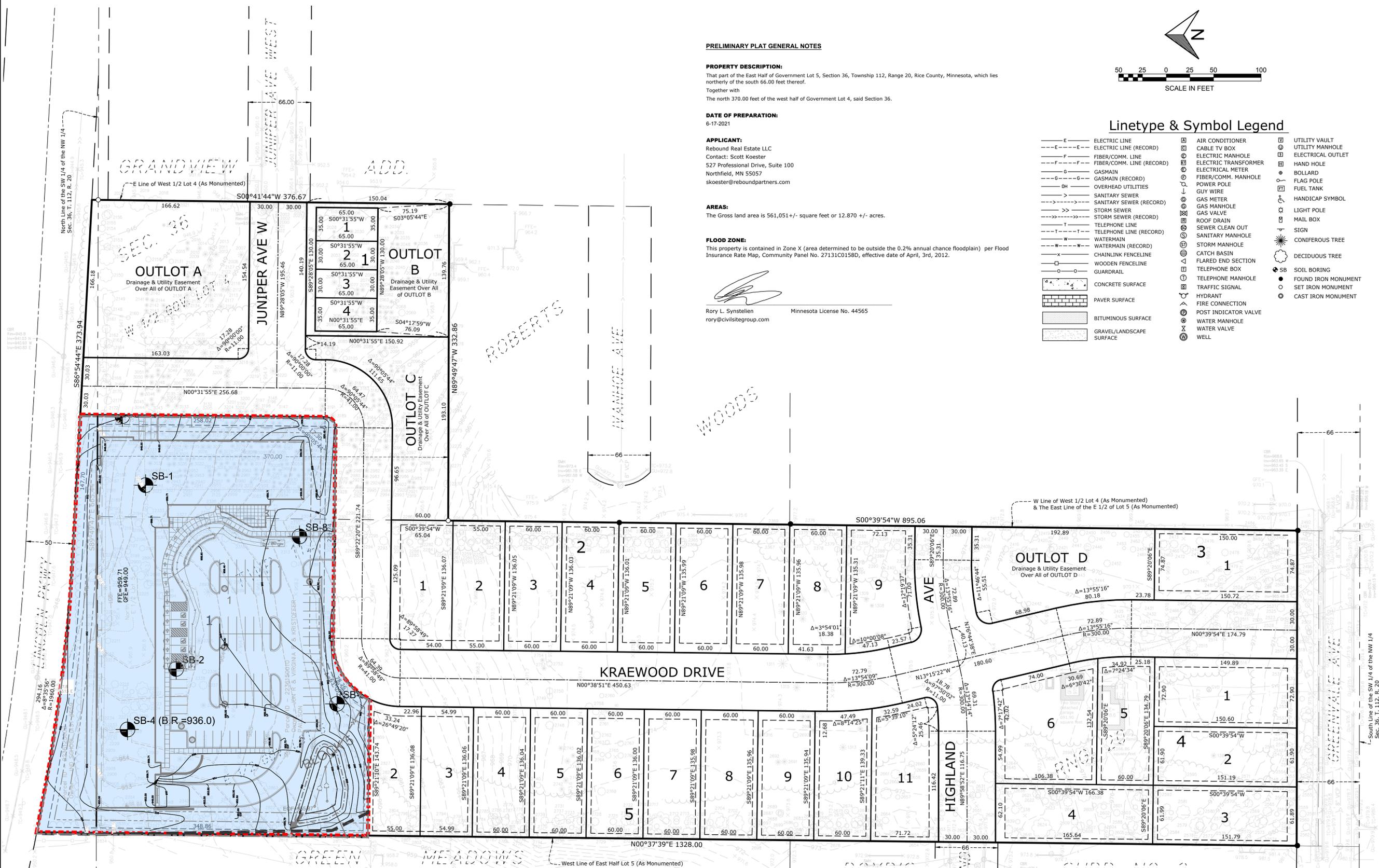


Rory L. Synstelen Minnesota License No. 44565
rory@civilsitegroup.com



Linetype & Symbol Legend

—E—	ELECTRIC LINE	⊠	AIR CONDITIONER	⊠	UTILITY VAULT
- - -E - - -	ELECTRIC LINE (RECORD)	⊞	CABLE TV BOX	⊞	UTILITY MANHOLE
-F-F-	FIBER/COMM. LINE	⊞	ELECTRIC MANHOLE	⊞	ELECTRICAL OUTLET
-F-F-	FIBER/COMM. LINE (RECORD)	⊞	ELECTRIC TRANSFORMER	⊞	HAND HOLE
-G-G-	GASMAIN	⊞	ELECTRICAL METER	⊞	BOLLARD
-G-G-	GASMAIN (RECORD)	⊞	FIBER/COMM. MANHOLE	⊞	FLAG POLE
OH	OVERHEAD UTILITIES	⊞	POWER POLE	⊞	FUEL TANK
->->-	SANITARY SEWER	⊞	GUY WIRE	⊞	HANDICAP SYMBOL
->->-	SANITARY SEWER (RECORD)	⊞	GAS METER	⊞	GAS MANHOLE
->->-	STORM SEWER	⊞	GAS VALVE	⊞	LIGHT POLE
->->-	STORM SEWER (RECORD)	⊞	ROOF DRAIN	⊞	MAIL BOX
-T-T-	TELEPHONE LINE	⊞	SEWER CLEAN OUT	⊞	SIGN
-T-T-	TELEPHONE LINE (RECORD)	⊞	SANITARY MANHOLE	⊞	CONIFEROUS TREE
-W-W-	WATERMAIN	⊞	STORM MANHOLE	⊞	DECIDUOUS TREE
-W-W-	WATERMAIN (RECORD)	⊞	CATCH BASIN	⊞	SOIL BORING
-x-x-	CHAINLINK FENCELINE	⊞	FLARED END SECTION	⊞	FOUND IRON MONUMENT
-o-o-	WOODEN FENCELINE	⊞	TELEPHONE BOX	⊞	SET IRON MONUMENT
-o-o-	GUARDRAIL	⊞	TELEPHONE MANHOLE	⊞	CAST IRON MONUMENT
[Pattern]	CONCRETE SURFACE	⊞	TRAFFIC SIGNAL		
[Pattern]	PAVER SURFACE	⊞	HYDRANT		
[Pattern]	BITUMINOUS SURFACE	⊞	POST INDICATOR VALVE		
[Pattern]	GRAVEL/LANDSCAPE SURFACE	⊞	WATER MANHOLE		
		⊞	WATER VALVE		
		⊞	WELL		



PROJECT
Kraewood
600 Greenvale Ave, Northfield, MN 55057

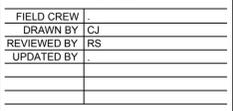
CLIENT
Rebound Real Estate LLC
527 Professional Drive, Suite 100, Northfield, MN 55057

NOT FOR CONSTRUCTION

QA/QC

FIELD CREW
DRAWN BY CJ
REVIEWED BY RS
UPDATED BY

VICINITY MAP



REVISION SUMMARY

DATE	DESCRIPTION
6-22-21	added land adjoining R/W

PROJECT NO.: 18171.01

PRELIMINARY PLAT

V2.0

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Appendix B: Estimated Cash Flow for the District

Kraewood Affordable Housing

City of Northfield, MN

100-unit mixed income apartments



ASSUMPTIONS AND RATES

DistrictType:	Housing
District Name/Number:	TBD
County District #:	TBD
First Year Construction or Inflation on Value	2022
Existing District - Specify No. Years Remaining	
Inflation Rate - Every Year:	1.00%
Interest Rate:	4.25%
Present Value Date:	1-Feb-23
First Period Ending	1-Aug-23
Tax Year District was Certified:	Pay 2022
Cashflow Assumes First Tax Increment For Development:	2024
Years of Tax Increment	26
Assumes Last Year of Tax Increment	2049
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	NA
Incremental or Total Fiscal Disparities	
Fiscal Disparities Contribution Ratio	
Fiscal Disparities Metro-Wide Tax Rate	
Maximum/Frozen Local Tax Rate:	129.739% Pay 2021
Current Local Tax Rate: (Use lesser of Current or Max.)	129.739% Pay 2021
State-wide Tax Rate (Comm./Ind. only used for total taxes)	35.9780% Pay 2021
Market Value Tax Rate (Used for total taxes)	0.38660% Pay 2021

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	22.36.1.50.010	Paulson		117,500	0	117,500	25%	29,622	Pay 2022	Ag Non-Homestead	296	Rental	370	
				117,500	0	117,500		29,622			296		370	

Note:

1. Base values are for pay 2022 based upon review of County website on 8.4.2021.
2. Located in SD # 659.

Kraewood Affordable Housing
 City of Northfield, MN
 100-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 2022	Percentage Completed 2023	Percentage Completed 2024	Percentage Completed 2025	First Year Full Taxes Payable
1	Apartments	120,000	120,000	60	7,200,000	Rental	90,000	1,500	100%	100%	100%	100%	2024
	Apartments	120,000	120,000	40	4,800,000	Aff. Rental	32,000	800	100%	100%	100%	100%	2024
TOTAL					12,000,000		122,000						

Note:

1. Market values are based upon preliminary estimates provided by the Rice County Assessor's office on 8.6.2021.

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	90,000	0	90,000	116,765	0	0	27,835	144,600	2,410.01
Apartments	32,000	0	32,000	41,516	0	0	12,371	53,888	1,347.19
TOTAL	122,000	0	122,000	158,282	0	0	40,206	198,488	

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	198,488
less State-wide Taxes	0
less Fiscal Disp. Adj.	0
less Market Value Taxes	(40,206)
less Base Value Taxes	(480)
Annual Gross TIF	157,801



Kraewood Affordable Housing
 City of Northfield, MN
 100-unit mixed income apartments

TAX INCREMENT CASH FLOW													
% of OTC	Project Tax Capacity	Original Tax Capacity	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
						-	-	-	-	-			08/01/23
						-	-	-	-	-			02/01/24
100%	122,000	(370)	121,630	129.739%	157,801	78,901	(284)	(7,862)	70,755	66,429	0.5	2024	08/01/24
						78,901	(284)	(7,862)	70,755	131,477	1	2024	02/01/25
100%	123,220	(370)	122,850	129.739%	159,384	79,692	(287)	(7,941)	71,465	195,809	1.5	2025	08/01/25
						79,692	(287)	(7,941)	71,465	258,803	2	2025	02/01/26
100%	124,452	(370)	124,082	129.739%	160,983	80,491	(290)	(8,020)	72,181	321,105	2.5	2026	08/01/26
						80,491	(290)	(8,020)	72,181	382,110	3	2026	02/01/27
100%	125,697	(370)	125,326	129.739%	162,597	81,299	(293)	(8,101)	72,905	442,445	3.5	2027	08/01/27
						81,299	(293)	(8,101)	72,905	501,525	4	2027	02/01/28
100%	126,954	(370)	126,583	129.739%	164,228	82,114	(296)	(8,182)	73,637	559,956	4.5	2028	08/01/28
						82,114	(296)	(8,182)	73,637	617,171	5	2028	02/01/29
100%	128,223	(370)	127,853	129.739%	165,875	82,938	(299)	(8,264)	74,375	673,757	5.5	2029	08/01/29
						82,938	(299)	(8,264)	74,375	729,166	6	2029	02/01/30
100%	129,505	(370)	129,135	129.739%	167,539	83,769	(302)	(8,347)	75,121	783,966	6.5	2030	08/01/30
						83,769	(302)	(8,347)	75,121	837,625	7	2030	02/01/31
100%	130,801	(370)	130,430	129.739%	169,219	84,609	(305)	(8,430)	75,874	890,696	7.5	2031	08/01/31
						84,609	(305)	(8,430)	75,874	942,661	8	2031	02/01/32
100%	132,109	(370)	131,738	129.739%	170,916	85,458	(308)	(8,515)	76,635	994,056	8.5	2032	08/01/32
						85,458	(308)	(8,515)	76,635	1,044,382	9	2032	02/01/33
100%	133,430	(370)	133,059	129.739%	172,630	86,315	(311)	(8,600)	77,404	1,094,154	9.5	2033	08/01/33
						86,315	(311)	(8,600)	77,404	1,142,891	10	2033	02/01/34
100%	134,764	(370)	134,394	129.739%	174,361	87,180	(314)	(8,687)	78,180	1,191,092	10.5	2034	08/01/34
						87,180	(314)	(8,687)	78,180	1,238,290	11	2034	02/01/35
100%	136,112	(370)	135,741	129.739%	176,109	88,055	(317)	(8,774)	78,964	1,284,970	11.5	2035	08/01/35
						88,055	(317)	(8,774)	78,964	1,330,678	12	2035	02/01/36
100%	137,473	(370)	137,102	129.739%	177,875	88,938	(320)	(8,862)	79,756	1,375,884	12.5	2036	08/01/36
						88,938	(320)	(8,862)	79,756	1,420,149	13	2036	02/01/37
100%	138,847	(370)	138,477	129.739%	179,659	89,829	(323)	(8,951)	80,555	1,463,928	13.5	2037	08/01/37
						89,829	(323)	(8,951)	80,555	1,506,796	14	2037	02/01/38
100%	140,236	(370)	139,866	129.739%	181,460	90,730	(327)	(9,040)	81,363	1,549,193	14.5	2038	08/01/38
						90,730	(327)	(9,040)	81,363	1,590,708	15	2038	02/01/39
100%	141,638	(370)	141,268	129.739%	183,280	91,640	(330)	(9,131)	82,179	1,631,766	15.5	2039	08/01/39
						91,640	(330)	(9,131)	82,179	1,671,970	16	2039	02/01/40
100%	143,055	(370)	142,684	129.739%	185,117	92,559	(333)	(9,223)	83,003	1,711,732	16.5	2040	08/01/40
						92,559	(333)	(9,223)	83,003	1,750,667	17	2040	02/01/41
100%	144,485	(370)	144,115	129.739%	186,973	93,487	(337)	(9,315)	83,835	1,789,174	17.5	2041	08/01/41
						93,487	(337)	(9,315)	83,835	1,826,880	18	2041	02/01/42
100%	145,930	(370)	145,560	129.739%	188,848	94,424	(340)	(9,408)	84,676	1,864,171	18.5	2042	08/01/42
						94,424	(340)	(9,408)	84,676	1,900,686	19	2042	02/01/43
100%	147,389	(370)	147,019	129.739%	190,741	95,371	(343)	(9,503)	85,524	1,936,800	19.5	2043	08/01/43
						95,371	(343)	(9,503)	85,524	1,972,163	20	2043	02/01/44
100%	148,863	(370)	148,493	129.739%	192,653	96,327	(347)	(9,598)	86,382	2,007,137	20.5	2044	08/01/44
						96,327	(347)	(9,598)	86,382	2,041,383	21	2044	02/01/45
100%	150,352	(370)	149,982	129.739%	194,585	97,292	(350)	(9,694)	87,248	2,075,253	21.5	2045	08/01/45
						97,292	(350)	(9,694)	87,248	2,108,418	22	2045	02/01/46
100%	151,855	(370)	151,485	129.739%	196,535	98,268	(354)	(9,791)	88,122	2,141,218	22.5	2046	08/01/46
						98,268	(354)	(9,791)	88,122	2,173,336	23	2046	02/01/47
100%	153,374	(370)	153,004	129.739%	198,505	99,253	(357)	(9,890)	89,006	2,205,101	23.5	2047	08/01/47
						99,253	(357)	(9,890)	89,006	2,236,205	24	2047	02/01/48
100%	154,908	(370)	154,537	129.739%	200,495	100,248	(361)	(9,989)	89,898	2,266,967	24.5	2048	08/01/48
						100,248	(361)	(9,989)	89,898	2,297,089	25	2048	02/01/49
100%	156,457	(370)	156,086	129.739%	202,505	101,252	(365)	(10,089)	90,799	2,326,879	25.5	2049	08/01/49
						101,252	(365)	(10,089)	90,799	2,356,050	26	2049	02/01/50
Total						4,660,873	(16,779)	(464,409)	4,179,685				
Present Value Rate 4.25%						2,627,292	(9,458)	(261,783)	2,356,050				

Appendix C: Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for Kraewood Tax Increment Financing District, as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

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

Kraewood 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 40% of the units in the Development will be reserved for rental to persons whose annual income does not exceed 60% 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 Kraewood 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 the TIF Plan on 09/16/2021. The Commission adopted a motion to affirm that such plans conform to the general plans for development and redevelopment of the City.

4. *Finding that the TIF Plan for Kraewood 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 Southbridge 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 100 rental units with the completion of the Development and help fulfill the need for such housing in the City.