

Public Hearing: November 7, 2023
Adoption Date: November 12, 2024

City of Northfield Rice County, Minnesota

MODIFICATION TO THE DEVELOPMENT PROGRAM

Master Development District

&

Tax Increment Financing (TIF) Plan

Establishment of the Archer
Tax Increment Financing District
(a redevelopment district)



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TABLE OF CONTENTS

| | |
|--|----|
| Modification to the Development Program for Master Development District | 1 |
| FOREWORD | 1 |
| Tax Increment Financing Plan for the Archer Tax Increment Financing District | 2 |
| FOREWORD | 2 |
| STATUTORY AUTHORITY | 2 |
| STATEMENT OF OBJECTIVES | 2 |
| DEVELOPMENT PROGRAM OVERVIEW | 3 |
| DESCRIPTION OF PROPERTY IN THE TIF DISTRICT AND PROPERTY TO BE ACQUIRED | 3 |
| TIF DISTRICT CLASSIFICATION | 4 |
| DURATION & FIRST YEAR OF TIF DISTRICT'S TAX INCREMENT | 5 |
| 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 | 7 |
| USES OF FUNDS | 8 |
| ESTIMATED IMPACT ON OTHER TAXING JURISDICTIONS | 9 |
| SUPPORTING DOCUMENTATION | 12 |
| TIF DISTRICT ADMINISTRATION | 12 |
| Appendix A: Map of Master Development District and the TIF District | |
| Appendix B: Estimated Cash Flow for the TIF District | |
| Appendix C: Findings Including But/For Qualifications | |
| Appendix D: Redevelopment Qualifications for the TIF District | |

Modification to the Development Program for Master Development District

FOREWORD

The following text represents a Modification to the Development Program (the “Development Program”) for the Master Development District, previously established as a municipal development district of the City in accordance with Minnesota Statutes, Sections 469.124- 469.134. This modification represents a continuation of the goals and objectives set forth in the Development Program. Generally, the substantive changes include the establishment of the Archer Tax Increment Financing District.

For further information, a review of the Development Program 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 Archer 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 Archer Tax Increment Financing District (the "TIF District"), a redevelopment tax increment financing district, located in the City's 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 "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 (the "Development Program").

STATEMENT OF OBJECTIVES

The TIF District currently consists of one (1) parcel of land and adjacent roads and internal rights-of-way. The TIF District is being created to facilitate the redevelopment of the former site of the historic Archer House hotel into a four story, mixed-use building consisting of approximately 23 units of residential housing, 19 short-term and extended stay hotel units, ground floor retail and associated structured parking in the City. The City plans to enter into an agreement with Manawa LLC as the developer. Construction is anticipated to begin in 2025. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program.

The activities contemplated in 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 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 - 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, will be 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.

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 |
|----------------|-----------------|------------|
| 22.31.3.50.025 | 212 Division St | Manawa LLC |

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; or carry out land acquisition, site improvements, clearance and/or development to accomplish the uses and objectives set forth in this plan.

The City may acquire property by gift, dedication, 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. The City will not exercise eminent domain powers in the TIF District with respect to property for the Development.

The Developer currently owns the property to be included in the TIF District (the “Property”).

TIF DISTRICT CLASSIFICATION

The TIF District, to be established, is a redevelopment district pursuant to *M.S., Section 469.174, Subd. 10(a)(1)*.

1. The TIF District consists of one (1) parcel (the Property).
2. An inventory showed that parcels consisting of 100%, which is more than 70%, of the area in the TIF District are deemed occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures.
3. An inspection of the buildings located within the TIF District found that more than 50% of the buildings deemed to exist in the TIF District are structurally substandard as defined in the TIF Act. (See Appendix D).

Findings 2 and 3 above are made pursuant to Resolution #2021-125 adopted by the City Council of the City on December 7, 2021. Prior to the demolition and removal of the sole building on the Property (the “Building”), the City adopted Resolution #2021-125 finding that the Building was structurally substandard and the Property otherwise met the conditions of a redevelopment district pursuant to M.S., Section 469.174, Subd. 10. Resolution #2021-125 further stated the City’s intent to include the Property in a redevelopment tax increment financing district pursuant to M.S., Section 469.174, Subd. 10(d(3)). The Council based its findings on a report from LHB, Inc. dated March 2, 2021 and titled “Report of Inspection Procedures and Results for Determining Qualifications of a Tax Increment Financing District as a Redevelopment District - Archer House Redevelopment TIF District - Northfield, Minnesota,” (the “Inspection Report”). The demolition and removal of the Building was completed by the Developer in 2022 under a Demolition and Development Agreement with the City.

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 2027, 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 2052, or when the TIF Plan is satisfied. The City reserves the right to decertify the TIF 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. 10 (d)(1)*, the Property must have been occupied by the Building (a structurally substandard building) or met the requirements of *M.S., Section 469.174, Subd. 10 (e)*, within 3 years of filing the request for certification of the Property as part of the TIF District. The Building demolition was completed in 2022, therefore, the City must request certification of the TIF District no later than three years later in 2025.

Upon filing a request for certification of the tax capacity of the Property as part of the TIF District, the City will notify the County Auditor that the original net tax capacity of the Property must be adjusted as provided by *M.S., Section 469.177, Subd. 1(f)* (See 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, including Subd. 1(f), the Original Net Tax Capacity (ONTC) as certified for the TIF District will be based on the greater of (1) the current net tax capacity of the Property based on the market values placed on the property by the assessor, or (2) the estimated market value of the Property for the year in which the Building was demolished or removed (2022), but applying the classification rates for the current year (2025).

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2027) 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 TIF District will be the local tax rate for taxes payable 2025, assuming the request for certification is made before June 30, 2025. The final rates for 2025 were not available at the time the TIF District was established. Estimates of the ONTC and the Original Local Tax Rate for the TIF 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 Development within the TIF District, will annually approximate tax increment revenues as shown in the table below. The City requests 100% of the available increase in tax capacity be used for repayment of the obligations of the City and current expenditures, beginning in the tax year payable 2027. The Project Tax Capacity (PTC) listed is an estimate of values when the Development within the TIF District is completed.

| Project Tax Capacity | | |
|--|------------------|-------------|
| Estimated Project Tax Capacity | 218,260 | |
| Less: estimated Original Net Tax Capacity (ONTC) | 6,402 | |
| Estimated Captured Tax Capacity | 211,858 | |
| Original Local Tax Rate | <u>121.0070%</u> | Pay 2024 |
| Estimated Annual Tax Increment | \$256,363 | |
| Percent Retained by the City | 100% | |

Note: Tax capacity estimates include a 0.50% inflation factor applied for the duration of the TIF District. The PTC estimate in this chart is the forecasted net tax capacity of the TIF District in year 26. For reference, the net tax capacity of the TIF District in year one is estimated to be \$192,674.

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 City 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 | \$ | 6,232,401 |
| Interest | | <u>311,620</u> |
| TOTAL | \$ | 6,544,021 |

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 issue bonds (as defined in the TIF Act) or incur other indebtedness as a result of the TIF Plan.

As presently proposed, the projects within the TIF District will be financed by pay-as-you-go notes and interfund loans. Any refunding amounts will be deemed a budgeted cost without requiring a formal modification to this TIF Plan. 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 secured in whole or in part with tax increments from the TIF District in a maximum principal amount of \$6,544,021. 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 redevelopment of the former site of the historic Archer House hotel into a four-story, mixed-use building consisting of 23 residential units, 19 short-term and extended stay hotel units, ground floor retail, and associated structured parking. The City has determined that it will be necessary to provide assistance to the project for certain TIF District costs, as described herein.

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 | |
|---|---------------------|
| Land/Building Acquisition | \$ 500,000 |
| Site Improvements/Preparation | 1,250,000 |
| Affordable Housing | - |
| Utilities | 250,000 |
| Other Qualifying Improvements | 1,561,889 |
| Administrative Costs (up to 10%) | 77,905 |
| PROJECT COSTS TOTAL | \$ 3,639,794 |
| Interest | 2,904,227 |
| PROJECT AND INTEREST COSTS TOTAL | \$ 6,544,021 |

The total 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 the 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. Pursuant to *M.S., Section 469.1763, Subd. 2*, no more than 25% of the tax increment paid by property within the TIF District will be spent on activities related to development or redevelopment outside of the TIF District but within the boundaries of Master Development District (including administrative costs, which are considered to be spent outside of the TIF District), subject to the limitations as described in the TIF Plan.

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 | 2023/Pay 2024 Total Net Tax Capacity | Estimated Captured Tax Capacity (CTC) upon completion | Percent of CTC to Entity Total |
| Rice County | 101,526,152 | 211,858 | 0.2087% |
| City of Northfield | 23,427,842 | 211,858 | 0.9043% |
| ISD 659 (Northfield Schools) | 45,000,418 | 211,858 | 0.4708% |

Note: The Total Net Tax Capacity figures above represent only the portion of each jurisdiction's tax base located within Rice County.

| Impact on Tax Rates | | | | |
|------------------------------|----------------------------|---------------------|---------|--------------------|
| Entity | Pay 2024 Extension Rate | Percent of Total | CTC | Potential Taxes |
| Rice County | 35.1280% | 29.03% | 211,858 | \$ 74,422 |
| City of Northfield | 62.2240% | 51.42% | 211,858 | 131,827 |
| ISD 659 (Northfield Schools) | 20.2940% | 16.77% | 211,858 | 42,994 |
| Other | 3.3610% | 2.78% | 211,858 | 7,121 |
| | 121.0070% | 100.00% | | \$ 256,363 |

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Pay 2024 rate. The total net capacity for the entities listed above are based on Pay 2024 figures. The TIF District will be certified under the Pay 2025 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 TIF District is \$6,232,401.

(2) Probable impact of the TIF 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 are expected to add an increase in traffic, and additional overall demands to the call load. Based on the expected property use, the Police Department estimates 114 calls annually for this development. The call load represents a \$20,000 impact to the annual police budget, however this is consistent to the operational impact of the prior development on the site. Further, the City does not expect that the proposed development, in and of itself, will necessitate new capital investment in police vehicles or facilities.

The probable impact of the TIF District on fire protection is not expected to be significant. Typically new buildings generate few calls, if any, and are of superior construction. Having a new fire alarm system on site is expected to reduce false alarms experienced for the property over the past 30 years. Further, the prior building located at the site was subject to a fire and subsequently demolished in the interest of public safety. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in fire service vehicles or facilities.

The impact of the TIF District on public infrastructure is expected to be minimal. The development will include underground parking and is not expected to significantly impact any traffic movements in the area. The current infrastructure for roadways, sanitary sewer, storm sewer and water will be able to handle the volume generated from the proposed development.

Based on the development plans, there are no new additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks particular to this project from its prior development use. Based on the estimated new residential units contained in the development plans, the development within the TIF District is expected to contribute an estimated \$121,170 in sanitary sewer (SAC) and water (WAC) connection fees.

The probable impact of the issuance of any general obligation tax increment bonds payable from tax increment revenues from the TIF District on the City's ability to issue debt for general 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 \$1,045,232.
- (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 \$1,809,249.
- (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 TIF 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* this 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.

- (i) 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.


- (ii) A comparative analysis of estimated market value both with and without establishment of the TIF District and the use of tax increments has been performed. Such analysis is included with the cashflow in Appendix B and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the TIF District and the use of tax increments.

TIF DISTRICT ADMINISTRATION

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

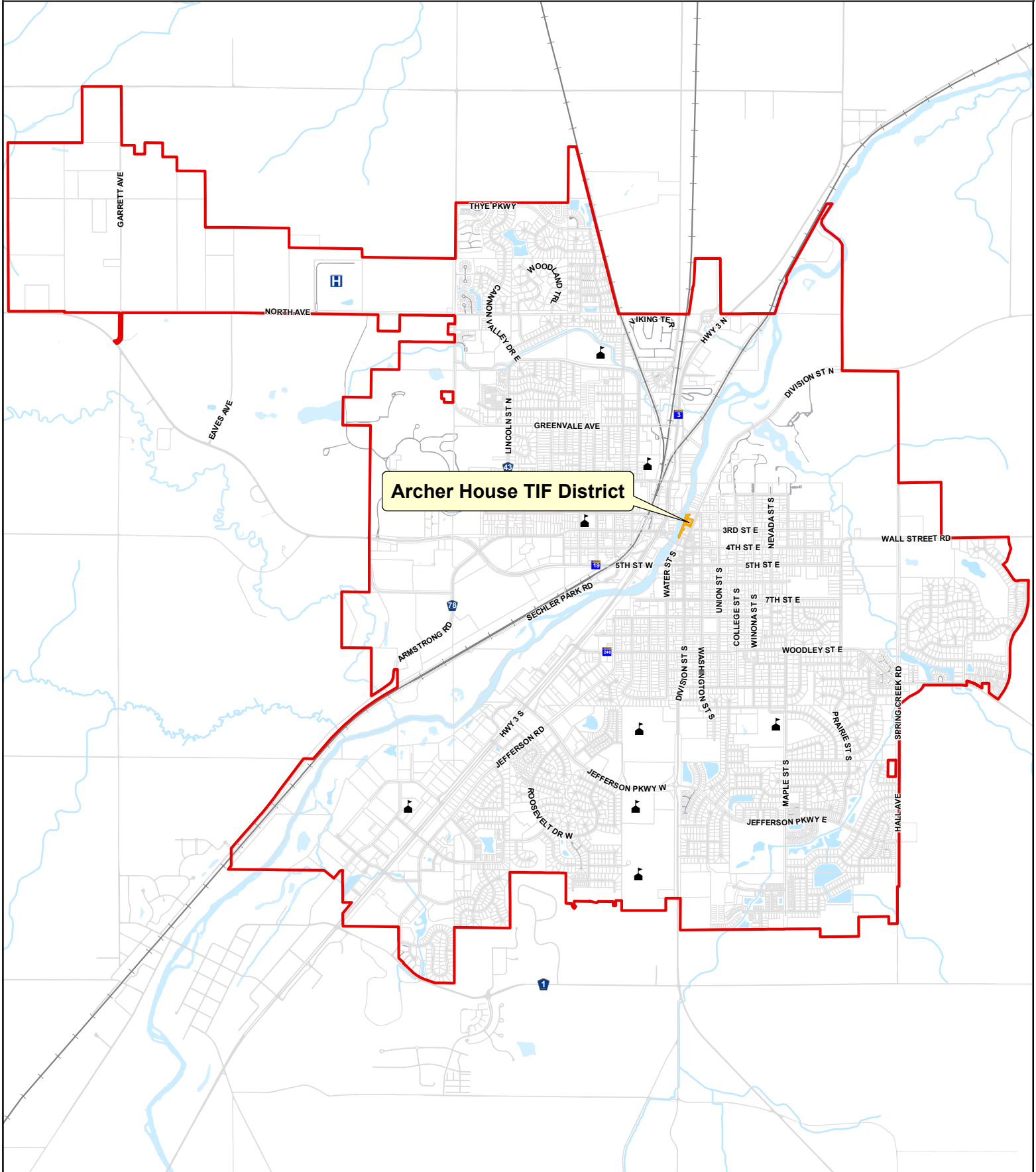
Appendix A: Map of Master Development District and the TIF District

Archer House TIF District

 PID 22.31.3.50.025

 Master Development Area

The boundaries of the Master Development District are coterminous with the corporate boundaries of the City of Northfield.



Appendix B: Estimated Cash Flow for the TIF District

Archer House Redevelopment

City of Northfield, MN

Mixed Use - Apartment, Hotel and Retail Space



ASSUMPTIONS AND RATES

| | |
|--|----------------------|
| District Type: | Redevelopment |
| District Name/Number: | TBD |
| County District #: | TBD |
| First Year Construction or Inflation on Value | 2025 |
| Existing District - Specify No. Years Remaining | |
| Inflation Rate - Every Year: | 0.50% |
| Interest Rate: | 5.00% |
| Present Value Date: | 1-Feb-26 |
| First Period Ending | 1-Aug-26 |
| Tax Year District was Certified: | Pay 2025 |
| Cashflow Assumes First Tax Increment For Development: | 2027 |
| Years of Tax Increment | 26 |
| Assumes Last Year of Tax Increment | 2052 |
| 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: | 121.007% Pay 2024 |
| Current Local Tax Rate: (Use lesser of Current or Max.) | 121.007% Pay 2024 |
| State-wide Tax Rate (Comm./Ind. only used for total taxes) | 29.2940% Pay 2024 |
| Market Value Tax Rate (Used for total taxes) | 0.34693% Pay 2024 |

| 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 | 22.31.3.50.025 | Manawa LLC | 212 Division St | 357,600 | 0 | 357,600 | 100% | 357,600 | Pay 2025 | C/I Pref. | 6,402 | C/I Pref. | 6,402 | |
| | | | | 718,800 | 0 | 718,800 | | 718,800 | | | 6,402 | | 6,402 | |

Note:

1. Base values are for pay 2025 based upon review of County website on 7.23.2024. Per M.S. 469.177(1)(f): greater of current NTC (Pay 2025) or EMV of parcel in year of demolition (Pay 2022).
2. Located in SD # 659.

Archer House Redevelopment
City of Northfield, MN
Mixed Use - Apartment, Hotel and Retail Space



| 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 2025 | Percentage Completed 2026 | Percentage Completed 2027 | Percentage Completed 2028 | First Year Full Taxes Payable | |
| 1 | Apartments | 200,000 | 200,000 | 23 | 4,600,000 | Rental | 57,500 | 2,500 | 100% | 100% | 100% | 100% | 2027 | |
| 1 | Retail | 350 | 350 | 8,554 | 2,996,193 | C/I Pref. | 59,174 | 6.92 | 100% | 100% | 100% | 100% | 2027 | |
| 1 | Hotel | 200,000 | 200,000 | 19 | 3,800,000 | C/I | 76,000 | 4,000 | 100% | 100% | 100% | 100% | 2027 | |
| TOTAL | | | | | 11,396,193 | | 192,674 | | | | | | | |

Note:
1. Market value information is based upon updated estimates provided by the Rice County Assessor's office in September, 2024.

| 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 | 57,500 | 0 | 57,500 | 69,579 | 0 | 0 | 15,959 | 85,538 | 3,719.04 |
| Retail | 59,174 | 0 | 59,174 | 71,605 | 0 | 16,675 | 10,395 | 98,674 | 11.54 |
| Hotel | 76,000 | 0 | 76,000 | 91,965 | 0 | 21,385 | 13,183 | 126,533 | 6,659.65 |
| TOTAL | 192,674 | 0 | 192,674 | 233,149 | 0 | 38,060 | 39,537 | 310,746 | |

Note:
1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law and other factors which cannot be predicted.
The TIF District will be certified under the Pay 2025 tax rates which were unavailable at the time this estimate was prepared.

| WHAT IS EXCLUDED FROM TIF? | |
|----------------------------|----------------|
| Total Property Taxes | 310,746 |
| less State-wide Taxes | (38,060) |
| less Fiscal Disp. Adj. | 0 |
| less Market Value Taxes | (39,537) |
| less Base Value Taxes | (7,747) |
| Annual Gross TIF | 225,402 |

| MARKET VALUE BUT / FOR ANALYSIS | |
|---|------------|
| Current Market Value - Est. | 718,800 |
| New Market Value - Est. | 11,396,193 |
| Difference | 10,677,393 |
| Present Value of Tax Increment | 3,265,462 |
| Difference | 7,411,931 |
| Value likely to occur without Tax Increment is less than: | 7,411,931 |



Archer House Redevelopment
City of Northfield, MN

Mixed Use - Apartment, Hotel and Retail Space

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% | City Retention at 2.5% | Semi-Annual Net Tax Increment | Semi-Annual Present Value | PERIOD ENDING Yrs. | Tax Year | Payment Date |
|--------------|----------------------|---------------------------|-----------------------|----------------|----------------------------|---------------------------------|---------------------|------------------------|-------------------------------|---------------------------|--------------------|----------|--------------|
| | | | | | | | | | | | | | 08/01/26 |
| | | | | | | | | | | | | | 02/01/27 |
| 100% | 192,674 | (6,402) | 186,272 | 121.007% | 225,402 | 112,701 | (406) | (2,807) | 109,488 | 101,670 | 0.5 | 2027 | 08/01/27 |
| | | | | | | 112,701 | (406) | (2,807) | 109,488 | 200,861 | 1 | 2027 | 02/01/28 |
| 100% | 193,637 | (6,402) | 187,235 | 121.007% | 226,568 | 113,284 | (408) | (2,822) | 110,054 | 298,133 | 1.5 | 2028 | 08/01/28 |
| | | | | | | 113,284 | (408) | (2,822) | 110,054 | 393,032 | 2 | 2028 | 02/01/29 |
| 100% | 194,605 | (6,402) | 188,203 | 121.007% | 227,739 | 113,870 | (410) | (2,836) | 110,623 | 486,096 | 2.5 | 2029 | 08/01/29 |
| | | | | | | 113,870 | (410) | (2,836) | 110,623 | 576,889 | 3 | 2029 | 02/01/30 |
| 100% | 195,578 | (6,402) | 189,176 | 121.007% | 228,917 | 114,458 | (412) | (2,851) | 111,195 | 665,926 | 3.5 | 2030 | 08/01/30 |
| | | | | | | 114,458 | (412) | (2,851) | 111,195 | 752,792 | 4 | 2030 | 02/01/31 |
| 100% | 196,556 | (6,402) | 190,154 | 121.007% | 230,100 | 115,050 | (414) | (2,866) | 111,770 | 837,977 | 4.5 | 2031 | 08/01/31 |
| | | | | | | 115,050 | (414) | (2,866) | 111,770 | 921,084 | 5 | 2031 | 02/01/32 |
| 100% | 197,539 | (6,402) | 191,137 | 121.007% | 231,289 | 115,645 | (416) | (2,881) | 112,348 | 1,002,583 | 5.5 | 2032 | 08/01/32 |
| | | | | | | 115,645 | (416) | (2,881) | 112,348 | 1,082,095 | 6 | 2032 | 02/01/33 |
| 100% | 198,527 | (6,402) | 192,125 | 121.007% | 232,484 | 116,242 | (418) | (2,896) | 112,928 | 1,160,068 | 6.5 | 2033 | 08/01/33 |
| | | | | | | 116,242 | (418) | (2,896) | 112,928 | 1,236,139 | 7 | 2033 | 02/01/34 |
| 100% | 199,519 | (6,402) | 193,117 | 121.007% | 233,686 | 116,843 | (421) | (2,911) | 113,512 | 1,310,738 | 7.5 | 2034 | 08/01/34 |
| | | | | | | 116,843 | (421) | (2,911) | 113,512 | 1,383,518 | 8 | 2034 | 02/01/35 |
| 100% | 200,517 | (6,402) | 194,115 | 121.007% | 234,893 | 117,446 | (423) | (2,926) | 114,098 | 1,454,889 | 8.5 | 2035 | 08/01/35 |
| | | | | | | 117,446 | (423) | (2,926) | 114,098 | 1,524,520 | 9 | 2035 | 02/01/36 |
| 100% | 201,520 | (6,402) | 195,118 | 121.007% | 236,106 | 118,053 | (425) | (2,941) | 114,687 | 1,592,803 | 9.5 | 2036 | 08/01/36 |
| | | | | | | 118,053 | (425) | (2,941) | 114,687 | 1,659,421 | 10 | 2036 | 02/01/37 |
| 100% | 202,527 | (6,402) | 196,125 | 121.007% | 237,325 | 118,663 | (427) | (2,956) | 115,280 | 1,724,750 | 10.5 | 2037 | 08/01/37 |
| | | | | | | 118,663 | (427) | (2,956) | 115,280 | 1,788,485 | 11 | 2037 | 02/01/38 |
| 100% | 203,540 | (6,402) | 197,138 | 121.007% | 238,551 | 119,275 | (429) | (2,971) | 115,875 | 1,850,987 | 11.5 | 2038 | 08/01/38 |
| | | | | | | 119,275 | (429) | (2,971) | 115,875 | 1,911,964 | 12 | 2038 | 02/01/39 |
| 100% | 204,558 | (6,402) | 198,156 | 121.007% | 239,782 | 119,891 | (432) | (2,986) | 116,473 | 1,971,761 | 12.5 | 2039 | 08/01/39 |
| | | | | | | 119,891 | (432) | (2,986) | 116,473 | 2,030,100 | 13 | 2039 | 02/01/40 |
| 100% | 205,580 | (6,402) | 199,178 | 121.007% | 241,020 | 120,510 | (434) | (3,002) | 117,074 | 2,087,310 | 13.5 | 2040 | 08/01/40 |
| | | | | | | 120,510 | (434) | (3,002) | 117,074 | 2,143,124 | 14 | 2040 | 02/01/41 |
| 100% | 206,608 | (6,402) | 200,206 | 121.007% | 242,264 | 121,132 | (436) | (3,017) | 117,678 | 2,197,858 | 14.5 | 2041 | 08/01/41 |
| | | | | | | 121,132 | (436) | (3,017) | 117,678 | 2,251,257 | 15 | 2041 | 02/01/42 |
| 100% | 207,641 | (6,402) | 201,239 | 121.007% | 243,514 | 121,757 | (438) | (3,033) | 118,286 | 2,303,622 | 15.5 | 2042 | 08/01/42 |
| | | | | | | 121,757 | (438) | (3,033) | 118,286 | 2,354,710 | 16 | 2042 | 02/01/43 |
| 100% | 208,679 | (6,402) | 202,277 | 121.007% | 244,770 | 122,385 | (441) | (3,049) | 118,896 | 2,404,809 | 16.5 | 2043 | 08/01/43 |
| | | | | | | 122,385 | (441) | (3,049) | 118,896 | 2,453,687 | 17 | 2043 | 02/01/44 |
| 100% | 209,723 | (6,402) | 203,321 | 121.007% | 246,033 | 123,016 | (443) | (3,064) | 119,509 | 2,501,618 | 17.5 | 2044 | 08/01/44 |
| | | | | | | 123,016 | (443) | (3,064) | 119,509 | 2,548,380 | 18 | 2044 | 02/01/45 |
| 100% | 210,772 | (6,402) | 204,370 | 121.007% | 247,301 | 123,651 | (445) | (3,080) | 120,125 | 2,594,237 | 18.5 | 2045 | 08/01/45 |
| | | | | | | 123,651 | (445) | (3,080) | 120,125 | 2,638,975 | 19 | 2045 | 02/01/46 |
| 100% | 211,825 | (6,402) | 205,423 | 121.007% | 248,577 | 124,288 | (447) | (3,096) | 120,745 | 2,682,847 | 19.5 | 2046 | 08/01/46 |
| | | | | | | 124,288 | (447) | (3,096) | 120,745 | 2,725,650 | 20 | 2046 | 02/01/47 |
| 100% | 212,884 | (6,402) | 206,482 | 121.007% | 249,858 | 124,929 | (450) | (3,112) | 121,367 | 2,767,623 | 20.5 | 2047 | 08/01/47 |
| | | | | | | 124,929 | (450) | (3,112) | 121,367 | 2,808,573 | 21 | 2047 | 02/01/48 |
| 100% | 213,949 | (6,402) | 207,547 | 121.007% | 251,146 | 125,573 | (452) | (3,128) | 121,993 | 2,848,730 | 21.5 | 2048 | 08/01/48 |
| | | | | | | 125,573 | (452) | (3,128) | 121,993 | 2,887,908 | 22 | 2048 | 02/01/49 |
| 100% | 215,019 | (6,402) | 208,617 | 121.007% | 252,441 | 126,220 | (454) | (3,144) | 122,622 | 2,926,327 | 22.5 | 2049 | 08/01/49 |
| | | | | | | 126,220 | (454) | (3,144) | 122,622 | 2,963,809 | 23 | 2049 | 02/01/50 |
| 100% | 216,094 | (6,402) | 209,692 | 121.007% | 253,742 | 126,871 | (457) | (3,160) | 123,254 | 3,000,565 | 23.5 | 2050 | 08/01/50 |
| | | | | | | 126,871 | (457) | (3,160) | 123,254 | 3,036,425 | 24 | 2050 | 02/01/51 |
| 100% | 217,174 | (6,402) | 210,772 | 121.007% | 255,049 | 127,525 | (459) | (3,177) | 123,889 | 3,071,590 | 24.5 | 2051 | 08/01/51 |
| | | | | | | 127,525 | (459) | (3,177) | 123,889 | 3,105,898 | 25 | 2051 | 02/01/52 |
| 100% | 218,260 | (6,402) | 211,858 | 121.007% | 256,363 | 128,182 | (461) | (3,193) | 124,527 | 3,139,541 | 25.5 | 2052 | 08/01/52 |
| | | | | | | 128,182 | (461) | (3,193) | 124,527 | 3,172,364 | 26 | 2052 | 02/01/53 |
| Total | | | | | | 6,254,919 | (22,518) | (155,810) | 6,076,591 | | | | |
| | | Present Value Rate | | 5.00% | | 3,265,462 | (11,756) | (81,343) | 3,172,364 | | | | |

Appendix C: Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan (TIF Plan) for Archer Tax Increment Financing District (the “TIF District”), as required pursuant to *Minnesota Statutes (M.S.), Section 469.175, Subdivision 3* are as follows:

1. *Finding that Archer Tax Increment Financing District is a redevelopment district as defined in M.S., Section 469.174, Subd. 10.*

The TIF District is, pursuant to Minnesota Statutes, Section 469.174, Subdivision 10, a “redevelopment district” because it consists of a project or portions of a project within which the following conditions, reasonably distributed throughout the District, exist: (1) parcels consisting of at least 70% of the area of the TIF District are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures and (2) more than 50% of the buildings located within the TIF District are deemed “structurally substandard” (within the meaning of Minnesota Statutes, Section 469.174, Subdivision 10(b) and (c)) to a degree requiring substantial renovation or clearance.

The Inspection Report shows that, as of the date of the report, the TIF District consisted of 2 parcels and 1 building. Parcels consisting of 100% of the area of the TIF District were “occupied” as defined in Minnesota Statutes, Section 469.174, Subd. 10(e), in that at least 15% of the area of the parcels is occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures. In addition, 100% of the buildings in the TIF District are structurally substandard to a degree requiring substantial renovation or clearance. In addition, the costs of bringing the structurally substandard buildings into compliance with building codes applicable to new buildings would exceed 15% of the cost of constructing new structures of the same size and type on the site.

The Council previously found the Building to be structurally substandard in the Blight Resolution. Prior to the demolition or removal of the Building, the City entered into the Demolition Agreement. Therefore, in accordance with Section 469.174, Subd. 10(d) of the TIF Act, such Building is deemed to exist in the TIF District notwithstanding its demolition prior to the certification of the TIF District.

The Materials, including without limitation the supporting facts for these determinations, are on file with the staff of the City. There have been no building permits issued or improvements made to the buildings since the date of the report. (See Appendix D of the TIF Plan.)

- 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 and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of Archer Tax Increment Financing District permitted by the TIF Plan.*

The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future:

The property on which the proposed Development will occur would not be developed in the reasonably foreseeable future. The demolition and redevelopment costs are higher than for new development and the costs of the public infrastructure necessary to enable development in this area would make development infeasible. The Developer has represented that they 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 redevelopment 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.

The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan:

This finding is justified on the grounds that the desired development intensity and tax base created on currently underutilized and declining downtown property requires site and public improvement costs that are improbable without public assistance. The costs of site preparation, demolition, remediation and public improvements add significantly to the total redevelopment cost of any development in this area and make redevelopment infeasible without tax increment assistance. The City reasonably determines that no other redevelopment of similar scope is

anticipated on this site without substantially similar assistance being provided to the development.

Therefore, the City concludes as follows:

- a. The City's estimate of the amount by which the market value of the entire TIF District will increase without the use of tax increment financing is \$0.
- b. If the proposed development occurs, the total increase in market value will be \$10,677,393.
- c. The present value of tax increments from the TIF District for the maximum duration permitted by the TIF Plan is estimated to be \$3,265,462.
- d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than \$7,411,931 (the amount in clause b less the amount in clause c) without tax increment assistance.

3. Finding that the TIF Plan for the TIF District conforms to the general plan for the development or redevelopment of the municipality as a whole.

The TIF Plan will generally complement and serve to implement policies adopted in the City's comprehensive plan. The construction of the Development contemplated is or will be in substantial accordance with the existing zoning or any permitted exception for the property and is consistent with other uses in the area. The Planning Commission reviewed the Plan Documents and approved a resolution that affirms that the plans conform to the general development plan of the City.

4. Finding that the TIF Plan for the Archer 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 will afford maximum opportunity for the development of the applicable parcels consistent with the needs of the City and the removal of blighted buildings will increase the potential for future redevelopment. The Development will increase the taxable market valuation of the City. The Development will expand the number and type of available housing options in the City and help fulfill the need for such housing in the City.

Appendix D: Redevelopment Qualifications for the TIF District

The TIF District is a redevelopment district pursuant to M.S., Section 469.174, Subd. 10(a)(1).

- 1. The TIF District consists of one parcel (the Property).*
- 2. The Property (i.e. parcels consisting of 100%, which is more than 70%) of the area in the TIF District are deemed occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures.*
- 3. An inspection of the buildings located within the TIF District found that more than 50% of the buildings deemed to exist in the TIF District are structurally substandard as defined in the TIF Act. (See attached Inspection Report).*

Findings 2 and 3 above are made pursuant to Resolution #2021-125 adopted by the City Council of the City on December 7, 2021. Prior to the demolition and removal of the sole building on the Property (the "Building"), the City adopted Resolution #2021-125 finding that the Building was structurally substandard and the Property otherwise met the conditions of a redevelopment district pursuant to M.S., Section 469.174, Subd. 10. Resolution #2021-125 further stated the City's intent to include the Property in a redevelopment tax increment financing district pursuant to M.S., Section 469.174, Subd. 10(d(3)). The Council based its findings on a report from LHB, Inc. dated March 2, 2021 and titled "Report of Inspection Procedures and Results for Determining Qualifications of a Tax Increment Financing District as a Redevelopment District - Archer House Redevelopment TIF District - Northfield, Minnesota," (the "Inspection Report"). The demolition and removal of the Building was completed by the Developer in 2022 under a Demolition and Development Agreement with the City.

Based on the attached Inspection Report, the Council found that:

- The Building was structurally substandard within the meaning of M.S., Section 469.174, Subd. 10(b), because it contained defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance;*
 - The Building was not in compliance with the building code applicable to new buildings and could not be modified to satisfy the building code at a*
-

cost of less than 15% of the cost of constructing a new structure of the same square footage and type on the Property; and

- *More than 15% of the area of the City Parcel and 15% of the area of the Developer Parcel contained buildings, streets, utilities, paved or gravel parking lots, or similar structures.*

REPORT OF INSPECTION PROCEDURES AND RESULTS FOR
DETERMINING QUALIFICATIONS OF A
TAX INCREMENT FINANCING DISTRICT AS A REDEVELOPMENT DISTRICT

ARCHER HOUSE REDEVELOPMENT TIF DISTRICT
NORTHFIELD, MINNESOTA



March 2, 2021

Prepared for the
CITY OF NORTHFIELD

Prepared by:
LHB, Inc.
701 Washington Avenue North, Suite 200
Minneapolis, Minnesota 55401

LHB Project No. 210114



Table of Contents

| | |
|--|----------|
| Part 1: Executive Summary | 2 |
| Purpose of the Evaluation..... | 2 |
| Scope of Work | 2 |
| Conclusion | 3 |
| Part 2: Minnesota Statute 469.174, Subdivision 10 Requirements | 3 |
| Interior Inspection | 3 |
| Exterior Inspection and Other Means | 3 |
| Documentation..... | 3 |
| Qualification Requirements..... | 3 |
| 1. Coverage Test..... | 3 |
| 2. Condition of Buildings Test..... | 4 |
| 3. Distribution of Substandard Buildings | 4 |
| Part 3: Procedures Followed..... | 5 |
| Part 4: Findings..... | 5 |
| 1. Coverage Test..... | 5 |
| 2. Condition of Building Test..... | 6 |
| 3. Distribution of Substandard Structures | 8 |
| Part 5: Team Credentials | 9 |
| Appendices..... | 9 |
| APPENDIX A Property Condition Assessment Summary Sheet | |
| APPENDIX B Building Code, Condition Deficiency and Context Analysis Reports | |
| APPENDIX C Building Replacement Cost Reports | |
| Code Deficiency Cost Reports | |
| Photographs | |

Part 1: Executive Summary

Purpose of the Evaluation

LHB was hired by the City of Northfield to inspect and evaluate the properties within a Tax Increment Financing Redevelopment District (“TIF District”) proposed to be established by the City. The proposed TIF District is bounded by the Cannon River, 2nd Street West, and Division Street South (Diagram 1). The purpose of LHB’s work is to determine whether the proposed TIF District meets the statutory requirements for coverage, and whether one (1) building on two (2) parcels, located within the proposed TIF District, meet the qualifications required for a Redevelopment District.

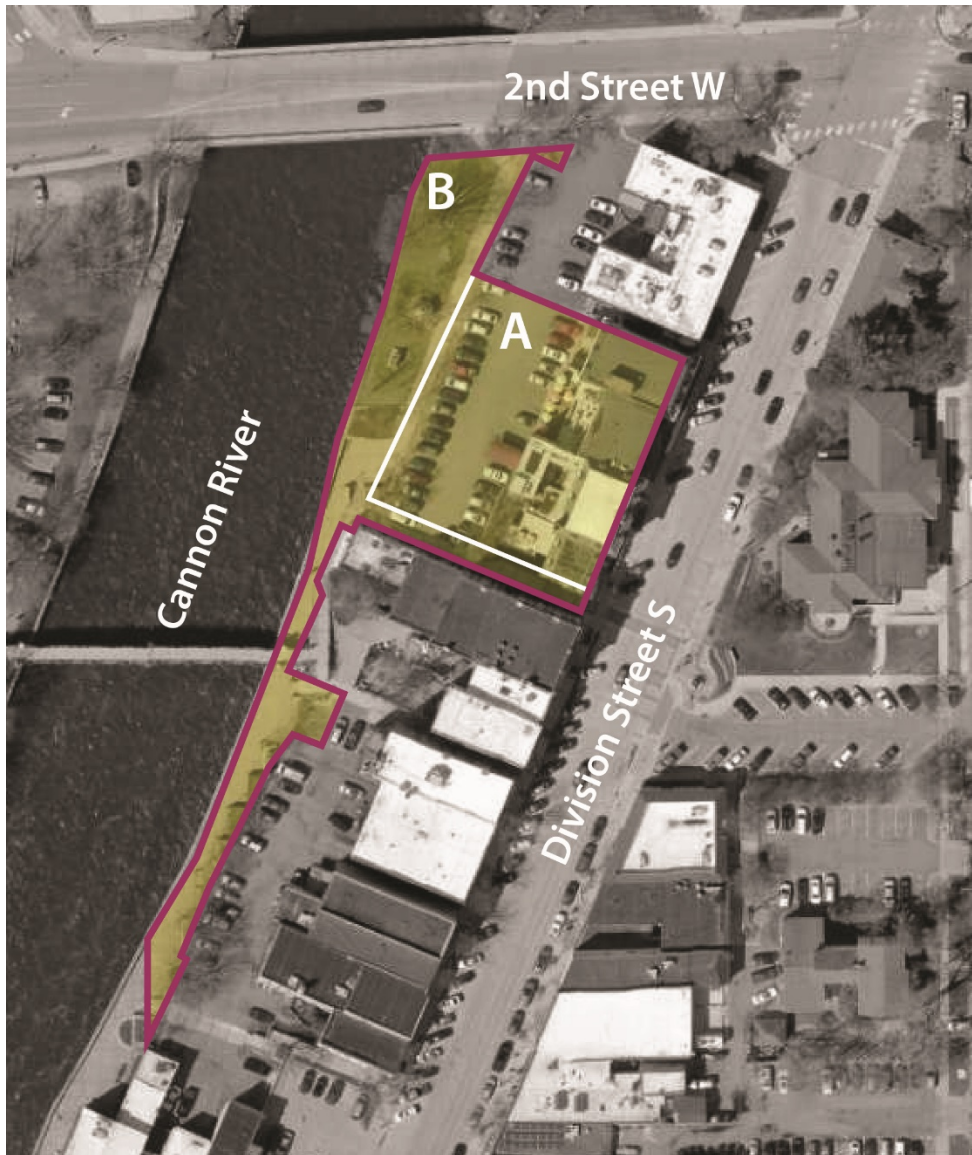


Diagram 1: Proposed TIF District

Scope of Work

The proposed TIF District consists of two (2) parcels with one (1) building. One (1) building was inspected on February 11, 2021. A Building Code and Condition Deficiency Report for the building that was inspected and found substandard is located in Appendix B.

Conclusion

After inspecting and evaluating the properties within the proposed TIF District and applying current statutory criteria for a Redevelopment District under *Minnesota Statutes, Section 469.174, Subdivision 10*, it is our professional opinion that the proposed TIF District qualifies as a Redevelopment District because:

- The proposed TIF District has a coverage calculation of 100 percent which is above the 70 percent requirement.
- 100 percent of the buildings are structurally substandard which is above the 50 percent requirement.
- The substandard buildings are reasonably distributed.

The remainder of this report describes our process and findings in detail.

Part 2: Minnesota Statute 469.174, Subdivision 10 Requirements

The properties were inspected in accordance with the following requirements under *Minnesota Statutes, Section 469.174, Subdivision 10(c)*, which states:

Interior Inspection

“The municipality may not make such determination [that the building is structurally substandard] without an interior inspection of the property...”

Exterior Inspection and Other Means

“An interior inspection of the property is not required, if the municipality finds that

(1) the municipality or authority is unable to gain access to the property after using its best efforts to obtain permission from the party that owns or controls the property; and

(2) the evidence otherwise supports a reasonable conclusion that the building is structurally substandard.”

Documentation

“Written documentation of the findings and reasons why an interior inspection was not conducted must be made and retained under section 469.175, subdivision 3(1).”

Qualification Requirements

Minnesota Statutes, Section 469.174, Subdivision 10 (a) (1) requires three tests for occupied parcels:

1. COVERAGE TEST

- a. *Minnesota Statutes, Section 469.174, Subdivision 10(a)(1)* states:

“parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, or paved or gravel parking lots...”

- b. The coverage required by the parcel to be considered occupied is defined under *Minnesota Statutes, Section 469.174, Subdivision 10(e)*, which states:

“For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures unless 15 percent of the area of the parcel contains buildings, streets, utilities, paved or gravel parking lots, or other similar structures.”

2. CONDITION OF BUILDINGS TEST

- a. Minnesota Statutes, Section 469.174, Subdivision 10(a) states:

“...and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;”

- b. Structurally substandard is defined under Minnesota Statutes, Section 469.174, Subdivision 10(b), which states:

“For purposes of this subdivision, ‘structurally substandard’ shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.”

- i. We do not count energy code deficiencies toward the thresholds required by *Minnesota Statutes, Section 469.174, Subdivision 10(b)* defined as “structurally substandard”, due to concerns expressed by the State of Minnesota Court of Appeals in the *Walser Auto Sales, Inc. vs. City of Richfield* case filed November 13, 2001.
- c. Buildings are not eligible to be considered structurally substandard unless they meet certain additional criteria, as set forth in Subdivision 10(c) which states:

“A building is not structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence on the basis of reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs, or other similar reliable evidence.”

“Items of evidence that support such a conclusion [that the building is not disqualified] include recent fire or police inspections, on-site property tax appraisals or housing inspections, exterior evidence of deterioration, or other similar reliable evidence.”

- i. LHB counts energy code deficiencies toward the 15 percent code threshold required by Minnesota Statutes, Section 469.174, Subdivision 10(c)) for the following reasons:
- 1) The Minnesota energy code is one of ten building code areas highlighted by the Minnesota Department of Labor and Industry website where minimum construction standards are required by law.
 - 2) Chapter 13 of the 2015 *Minnesota Building Code* states, “Buildings shall be designed and constructed in accordance with the *International Energy Conservation Code*.” Furthermore, Minnesota Rules, Chapter 1305.0021 Subpart 9 states, “References to the *International Energy Conservation Code* in this code mean the *Minnesota Energy Code*...”
 - 3) The Senior Building Code Representative for the Construction Codes and Licensing Division of the Minnesota Department of Labor and Industry confirmed that the Minnesota Energy Code is being enforced throughout the State of Minnesota.
 - 4) In a January 2002 report to the Minnesota Legislature, the Management Analysis Division of the Minnesota Department of Administration confirmed that the construction cost of new buildings complying with the Minnesota Energy Code is higher than buildings built prior to the enactment of the code.
 - 5) Proper TIF analysis requires a comparison between the replacement value of a new building built under current code standards with the repairs that would be necessary to bring the existing building up to current code standards. In order for an equal comparison to be made, all applicable code chapters should be applied to both scenarios. Since current construction estimating software automatically applies the construction cost of complying with the Minnesota Energy Code, energy code deficiencies should also be identified in the existing structures.

3. DISTRIBUTION OF SUBSTANDARD BUILDINGS

- a. Minnesota Statutes, Section 469.174, Subdivision 10, defines a Redevelopment District and requires one or more of the following conditions “reasonably distributed throughout the district.”:

“(1) Parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;

(2) the property consists of vacant, unused, underused, inappropriately used, or infrequently used rail yards, rail storage facilities, or excessive or vacated railroad rights-of-way;

(3) tank facilities, or property whose immediately previous use was for tank facilities...”

- b. Our interpretation of the distribution requirement is that the substandard buildings must be reasonably distributed throughout the district as compared to the location of all buildings in the district. For example, if all of the buildings in a district are located on one half of the area of the district, with the other half occupied by parking lots (meeting the required 70 percent coverage for the district), we would evaluate the distribution of the substandard buildings compared with only the half of the district where the buildings are located. If all of the buildings in a district are located evenly throughout the entire area of the district, the substandard buildings must be reasonably distributed throughout the entire area of the district. We believe this is consistent with the opinion expressed by the State of Minnesota Court of Appeals in the *Walser Auto Sales, Inc. vs. City of Richfield* case filed November 13, 2001.

Part 3: Procedures Followed

LHB inspected one (1) building during the day of February 11, 2021.

Part 4: Findings

1. Coverage Test

- a. The total square foot area of the parcel in the proposed TIF District was obtained from City records, GIS mapping and site verification.
- b. The total square foot area of buildings and site improvements on the parcels in the proposed TIF District was obtained from City records, GIS mapping and site verification.
- c. The percentage of coverage for each parcel in the proposed TIF District was computed to determine if the 15 percent minimum requirement was met. The total square footage of parcels meeting the 15 percent requirement was divided into the total square footage of the entire district to determine if the 70 percent requirement was met.

FINDING

The proposed TIF District met the coverage test under *Minnesota Statutes, Section 469.174, Subdivision 10(e)*, which resulted in parcels consisting of 100 percent of the area of the proposed TIF District being occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures (Diagram 2). This exceeds the 70 percent area coverage requirement for the proposed TIF District under *Minnesota Statutes, Section 469.174, Subdivision (a) (1)*.

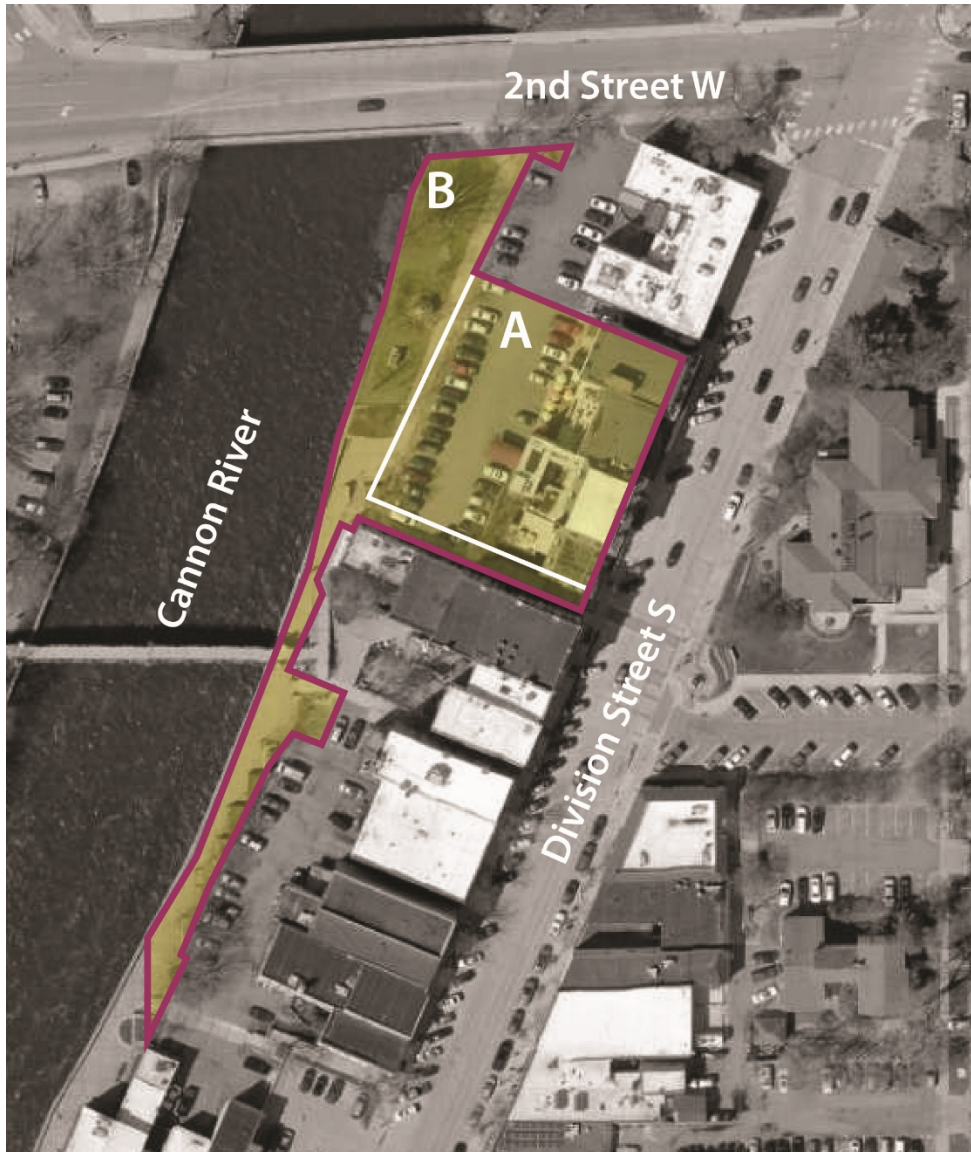


Diagram 2 – Coverage Diagram

Shaded area depicts a parcel more than 15 percent occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures

2. Condition of Building Test

a. BUILDING INSPECTION

- i. The first step in the evaluation process is the building inspection. After an initial walk-thru, the inspector makes a judgment whether or not a building “appears” to have enough defects or deficiencies of sufficient total significance to justify substantial renovation or clearance. If it does, the inspector documents with notes and photographs code and non-code deficiencies in the building.

b. REPLACEMENT COST

- i. The second step in evaluating a building to determine if it is substandard to a degree requiring substantial renovation or clearance is to determine its replacement cost. This is the cost of constructing a new structure of the same square footage and type on site. Replacement costs were researched using R.S. Means Cost Works square foot models for 2021.

- ii. A replacement cost was calculated by first establishing building use (office, retail, residential, etc.), building construction type (wood, concrete, masonry, etc.), and building size to obtain the appropriate median replacement cost, which factors in the costs of construction in Northfield, Minnesota.
- iii. Replacement cost includes labor, materials, and the contractor's overhead and profit. Replacement costs do not include architectural fees, legal fees or other "soft" costs not directly related to construction activities. Replacement cost for each building is tabulated in Appendix A.

c. CODE DEFICIENCIES

- i. The next step in evaluating a building is to determine what code deficiencies exist with respect to such building. Code deficiencies are those conditions for a building which are not in compliance with current building codes applicable to new buildings in the State of Minnesota.
- ii. Minnesota Statutes, Section 469.174, Subdivision 10(c), specifically provides that a building cannot be considered structurally substandard if its code deficiencies are not at least 15 percent of the replacement cost of the building. As a result, it was necessary to determine the extent of code deficiencies for each building in the proposed TIF District.
- iii. The evaluation was made by reviewing all available information with respect to such buildings contained in City Building Inspection records and making interior and exterior inspections of the buildings. LHB utilizes the current Minnesota State Building Code as the official code for our evaluations. The Minnesota State Building Code is actually a series of provisional codes written specifically for Minnesota only requirements, adoption of several international codes, and amendments to the adopted international codes.
- iv. After identifying the code deficiencies in each building, we used R.S. Means Cost Works 2021; Unit and Assembly Costs to determine the cost of correcting the identified deficiencies. We were then able to compare the correction costs with the replacement cost of each building to determine if the costs for correcting code deficiencies meet the required 15 percent threshold.

FINDING

One (1) out of one (1) building (100 percent) in the proposed TIF District contained code deficiencies exceeding the 15 percent threshold required by Minnesota Statutes, Section 469.174, Subdivision 10(c). Building Code, Condition Deficiency and Context Analysis reports for the buildings in the proposed TIF District can be found in Appendix B of this report.

d. SYSTEM CONDITION DEFICIENCIES

- i. If a building meets the minimum code deficiency threshold under Minnesota Statutes, Section 469.174, Subdivision 10(c), then in order for such building to be "structurally substandard" under Minnesota Statutes, Section 469.174, Subdivision 10(b), the building's defects or deficiencies should be of sufficient total significance to justify "substantial renovation or clearance." Based on this definition, LHB re-evaluated each of the buildings that met the code deficiency threshold under Minnesota Statutes, Section 469.174, Subdivision 10(c), to determine if the total deficiencies warranted "substantial renovation or clearance" based on the criteria we outlined above.
- ii. System condition deficiencies are a measurement of defects or substantial deterioration in site elements, structure, exterior envelope, mechanical and electrical components, fire protection and emergency systems, interior partitions, ceilings, floors and doors.
- iii. The evaluation of system condition deficiencies was made by reviewing all available information contained in City records, and making interior and exterior inspections of the buildings. LHB only identified system condition deficiencies that were visible upon our inspection of the building or contained in City records. We did not consider the amount of "service life" used up for a particular component unless it was an obvious part of that component's deficiencies.
- iv. After identifying the system condition deficiencies in each building, we used our professional judgment to determine if the list of defects or deficiencies is of sufficient total significance to justify "substantial renovation or clearance."

FINDING

In our professional opinion, one (1) out of one (1) building (100 percent) in the proposed TIF District are structurally substandard to a degree requiring substantial renovation or clearance, because of defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate

gress, layout and condition of interior partitions, or similar factors which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance. This exceeds the 50 percent requirement of Subdivision 10a(1).

3. Distribution of Substandard Structures

- e. Much of this report has focused on the condition of individual buildings as they relate to requirements identified by Minnesota Statutes, Section 469.174, Subdivision 10. It is also important to look at the distribution of substandard buildings throughout the geographic area of the proposed TIF District (Diagram 3).

FINDING

The parcels with substandard buildings are reasonably distributed compared to all parcels that contain buildings.



Diagram 3 – Substandard Buildings

Shaded green area depicts parcels with buildings.
Shaded orange area depicts substandard buildings.

Part 5: Team Credentials

Michael A. Fischer, AIA, LEED AP - Project Principal/TIF Analyst

Michael has 33 years of experience as project principal, project manager, project designer and project architect on planning, urban design, educational, commercial, and governmental projects. He has become an expert on Tax Increment Finance District analysis assisting over 100 cities with strategic planning for TIF Districts. He is an Architectural Principal at LHB and currently leads the Minneapolis office.

Michael completed a two-year Bush Fellowship, studying at MIT and Harvard in 1999, earning master's degrees in City Planning and Real Estate Development from MIT. He has served on more than 50 committees, boards, and community task forces, including a term as a City Council President, Chair of a Metropolitan Planning Organization, and Chair of the Edina Planning Commission. Most recently, he served as a member of the Edina city council and Secretary of the Edina HRA. Michael has also managed and designed several award-winning architectural projects and was one of four architects in the Country to receive the AIA Young Architects Citation in 1997.

Philip Waugh – Project Manager/TIF Analyst

Philip is a project manager with 13 years of experience in historic preservation, building investigations, material research, and construction methods. He previously worked as a historic preservationist and also served as the preservation specialist at the St. Paul Heritage Preservation Commission. Currently, Phil sits on the Board of Directors for the Preservation Alliance of Minnesota. His current responsibilities include project management of historic preservation projects, performing building condition surveys and analysis, TIF analysis, writing preservation specifications, historic design reviews, writing Historic Preservation Tax Credit applications, preservation planning, and grant writing.

Phil Fisher – Inspector

For 35 years, Phil Fisher worked in the field of Building Operations in Minnesota including White Bear Lake Area Schools. At the University of Minnesota he earned his Bachelor of Science in Industrial Technology. He is a Certified Playground Safety Inspector, Certified Plant Engineer, and is trained in Minnesota Enterprise Real Properties (MERP) Facility Condition Assessment (FCA). His FCA training was recently applied to the Minnesota Department of Natural Resources Facilities Condition Assessment project involving over 2,000 buildings.

Appendices

- APPENDIX A** Property Condition Assessment Summary Sheet
- APPENDIX B** Building Code, Condition Deficiency and Context Analysis Reports
- APPENDIX C** Building Replacement Cost Reports
 - Code Deficiency Cost Reports
 - Photographs

APPENDIX A

Property Condition Assessment Summary Sheet

Archer House Redevelopment TIF District

Property Condition Assessment Summary Sheet

Northfield, Minnesota

| TIF Map No. | PID # | Property Address | Improved or Vacant | Survey Method Used | Site Area (S.F.) | Coverage Area of Improvements (S.F.) | Coverage Percent of Improvements | Coverage Quantity (S.F.) | No. of Buildings | Building Replacement Cost | 15% of Replacement Cost | Building Code Deficiencies | No. of Buildings Exceeding 15% Criteria | No. of buildings determined substandard |
|---------------|----------------|-------------------|--------------------|--------------------|------------------|--------------------------------------|----------------------------------|--------------------------------|------------------|---------------------------|-------------------------|---|---|---|
| A | 22.31.3.50.025 | 212 DIVISION ST S | Improved | Interior/Exterior | 21,869 | 21,869 | 100.0% | 21,869 | 1 | \$3,602,544 | \$540,382 | \$727,850 | 1 | 1 |
| B | 22.31.3.50.024 | N/A | Improved | Exterior | 19,273 | 15,166 | 78.7% | 19,273 | 0 | | | | | |
| TOTALS | | | | | 41,142 | | | 41,142 | 1 | | | | 1 | 1 |
| | | | | | | | | Total Coverage Percent: | 100.0% | | | | | |
| | | | | | | | | | | | | Percent of buildings exceeding 15 percent code deficiency threshold: | 100.0% | |
| | | | | | | | | | | | | Percent of buildings determined substandard: | 100.0% | |

M:\21Proj\210114\300 Design\Reports\Final Report\210114 Archer House Redevelopment TIF Summary Sheet.xlsx]Property Info

APPENDIX B

Building Code, Condition Deficiency and Context Analysis Reports

Archer House Redevelopment TIF District

Building Code, Condition Deficiency and Context Analysis Report

Parcel A

Archer House

| | |
|-------------------------------|---|
| Address: | 212 Division Street South, Northfield, MN 55057 |
| Parcel ID: | 22.31.3.50.025 |
| Inspection Date(s) & Time(s): | February 11, 2021 10:30 am |
| Inspection Type: | Interior and Exterior |
| Summary of Deficiencies: | It is our professional opinion that this building is Substandard because: <ul style="list-style-type: none">- Substantial renovation is required to correct Conditions found.- Building Code deficiencies total more than 15% of replacement cost, NOT including energy code deficiencies. |

| | |
|--|-------------|
| Estimated Replacement Cost: | \$3,602,544 |
| Estimated Cost to Correct Building Code Deficiencies: | \$727,850 |
| Percentage of Replacement Cost for Building Code Deficiencies: | 20.2% |

DEFECTS IN STRUCTURAL ELEMENTS

1. Roofing system is compromised because of fire and does not comply with code.
2. Flooring system is compromised because of fire and does not comply with code.

COMBINATION OF DEFICIENCIES

1. Essential Utilities and Facilities
 - a. There is not a fully code-compliant accessible route into the building.
 - b. Restrooms are not fully code-compliant for accessibility.
 - c. There is no code-compliant drinking fountain.
 - d. The hotel transaction counter is not code-compliant for accessibility.
 - e. There is no code-compliant accessible route to all levels of the building.
2. Light and Ventilation
 - a. The HVAC system is not code-compliant.
 - b. The lighting system is not code-compliant.
3. Fire Protection/Adequate Egress
 - a. Exterior metal fire escape is not code-compliant.
 - b. Glass doors do not have code-required 10-inch kick plates.
 - c. Thresholds are not code-compliant for proper height.
 - d. Door hardware is not code-compliant.
 - e. Wall and ceiling penetrations are not properly protected per code.

- f. Fire suppression system is compromised and does not comply with code.
 - g. Emergency notification system is compromised and does not comply with code.
 - h. Emergency lighting system does not comply with code.
 - i. Stairways are not code-compliant.
 - j. Flooring material is damaged, creating an impediment to emergency egress, which is contrary to code.
4. Layout and Condition of Interior Partitions/Materials
- a. There is fire damage throughout the building.
 - b. Ceiling tile is damaged / missing and should be replaced.
 - c. Walls should be repaired / repainted.
 - d. Flooring material should be replaced.
 - e. Hard surface ceilings are damaged and should be repaired / repainted.
 - f. Mold is present throughout the building.
 - g. Plumbing system is not fully code-compliant.
 - h. Electrical wiring is not fully code-compliant.
5. Exterior Construction
- a. Exterior wood surfaces should be repainted.
 - b. Caulking is failing, allowing for water intrusion, which is contrary to code.
 - c. Windows are failing, allowing for water intrusion, which is contrary to code.
 - d. Roofing material has failed, allowing for water intrusion, which is contrary to code.
 - e. Exterior brick veneer is failing, allowing for water intrusion, which is contrary to code.

DESCRIPTION OF CODE DEFICIENCIES

1. Repair failed roofing structure to comply with code.
2. Repair failed flooring system to comply with code.
3. A fully code-compliant accessible route into the building should be created.
4. Public restrooms should be made fully code-compliant.
5. A code-required drinking fountain should be installed.
6. The hotel transaction counter should be modified to comply with accessibility code.
7. A code-compliant accessible route to all levels should be created to comply with code.
8. A code-compliant HVAC system should be installed.
9. A code-compliant lighting system should be installed.
10. The exterior metal fire escape should be modified to comply with code.
11. Glass doors should have code-required 10-inch kick plates installed.
12. Thresholds should be modified to comply with code.
13. Door hardware should be replaced to comply with code.
14. Wall and ceiling penetrations should be protected per code.
15. The fire suppression system should be corrected to comply with code.
16. The emergency notification system should be corrected to comply with code.
17. Emergency lighting should be upgraded to comply with code.

18. Stairways should be modified to comply with code.
19. Repair / replace damaged flooring material, which is creating an impediment to emergency egress, to comply with code.
20. Plumbing system should be modified to comply with code.
21. Electrical wiring system should be modified to comply with code.
22. Failed caulking should be replaced to prevent water intrusion per code.
23. Failed windows should be replaced to prevent water intrusion per code.
24. Failed roofing material should be replaced to prevent water intrusion per code.
25. Exterior brick veneer should be repaired to prevent water intrusion per code.

OVERVIEW OF DEFICIENCIES

County records indicate that the original hotel structure was built in 1877 with several additions. The building suffered smoke and water damages from a fire on November 12, 2020. Since that time, the building has been vacant. The roofing and flooring systems have failed due to the fire, and should be repaired to comply with code. Accessibility into the building and to all levels does not comply with current code. Public restrooms do not fully comply with code. Stairways do not comply with code. There is no code-compliant drinking fountain in the building. The hotel transaction counter does not comply with code for accessibility. Mechanical systems do not comply with code. Electrical wiring and lighting do not comply with code. Glass doors do not have code-required 10-inch kick plates. Door hardware does not comply with code. Interior walls and ceilings are damaged, and need to be repaired and repainted. Wall and ceiling penetrations should be protected per code. The fire suppression system is compromised and does not comply with code. The emergency notification and lighting systems do not comply with code. There is smoke and water damage throughout the building. There is mold present throughout the building. Flooring material is damaged, creating an impediment to emergency egress, which is contrary to code. Roofing material, exterior caulking, and windows are failing, allowing for water intrusion, contrary to code. The metal fire escape on the south side of the building is not code-compliant. Exterior wood surfaces should be repainted.

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APPENDIX C

Building Replacement Cost Reports

Code Deficiency Cost Reports

Photographs

Archer House Redevelopment TIF District

Replacement Cost Report

RSMeans data
from GORDIAN

Square Foot Cost Estimate Report

Date: 2/17/2021

| | |
|-----------------------|---|
| Estimate Name: | Archer House Hotel |
| Building Type: | Hotel, 2-3 Story with Brick Veneer / Wood Frame |
| Location: | NORTHFIELD, MN |
| Story Count: | 3 |
| Story Height (L.F.): | 9.00 |
| Floor Area (S.F.): | 24352 |
| Labor Type: | OPN |
| Basement Included: | No |
| Data Release: | Year 2021 Quarter 1 |
| Cost Per Square Foot: | \$147.94 |
| Building Cost: | \$3,602,543.54 |



Costs are derived from a building model with basic components.
Scope differences and market conditions can cause costs to vary significantly.

| | | Quantity | % of Total | Cost Per S.F. | Cost |
|--------------|--|----------|------------|---------------|----------------|
| A | Substructure | | 4.02% | \$5.17 | \$125,860.26 |
| A1010 | Standard Foundations | | | \$3.01 | \$73,285.92 |
| A10101051560 | Foundation wall, CIP, 4' wall height, direct chute, .148 CY/LF, 7.2 PLF, 12" thick | 510 | | \$1.84 | \$44,756.84 |
| A10101102700 | Strip footing, concrete, reinforced, load 11.1 KLF, soil bearing capacity 6 KSF, 12" deep x 24" wide | 637.5 | | \$1.17 | \$28,529.08 |
| A1030 | Slab on Grade | | | \$2.04 | \$49,667.93 |
| A10301202240 | Slab on grade, 4" thick, non industrial, reinforced | 8117.33 | | \$2.04 | \$49,667.93 |
| A2010 | Basement Excavation | | | \$0.12 | \$2,906.41 |
| A20101104560 | Excavate and fill, 10,000 SF, 4' deep, sand, gravel, or common earth, on site storage | 8117.33 | | \$0.12 | \$2,906.41 |
| B | Shell | | 27.64% | \$35.56 | \$865,917.57 |
| B1010 | Floor Construction | | | \$3.66 | \$89,224.75 |
| B10102613750 | Floor, wood joist, 2 x 12 @16" O.C., 1/2" CDX subfloor | 16234.67 | | \$3.66 | \$89,224.75 |
| B1020 | Roof Construction | | | \$2.16 | \$52,561.50 |
| B10201024100 | Wood roof, flat rafter, 2" x 12", 12" O.C. | 8117.33 | | \$2.16 | \$52,561.50 |
| B2010 | Exterior Walls | | | \$14.11 | \$343,573.89 |
| B20101291400 | Brick veneer wall, standard face, 2x6 studs @ 16" back-up, running bond | 11704.5 | | \$14.11 | \$343,573.89 |
| B2020 | Exterior Windows | | | \$3.56 | \$86,766.42 |
| B20201066850 | Windows, aluminum, sliding, insulated glass, 5' x 3' | 137.7 | | \$3.56 | \$86,766.42 |
| B2030 | Exterior Doors | | | \$9.57 | \$233,104.51 |
| B20301106950 | Door, aluminum & glass, with transom, narrow stile, double door, hardware, 6'-0" x 10'-0" opening | 0.99 | | \$0.30 | \$7,350.78 |
| B20301107300 | Door, aluminum & glass, with transom, bronze finish, hardware, 3'-0" x 10'-0" opening | 3.98 | | \$0.62 | \$14,976.87 |
| B20302203450 | Door, steel 18 gauge, hollow metal, 1 door with frame, no label, 3'-0" x 7'-0" opening | 75.54 | | \$8.66 | \$210,776.86 |
| B3010 | Roof Coverings | | | \$2.49 | \$60,686.50 |
| B30101052300 | Roofing, asphalt flood coat, gravel, coated glass base sheet, 4 plies glass (type IV), mopped | 8555.66 | | \$1.53 | \$37,360.43 |
| B30103203090 | Insulation, rigid, roof deck, composite with 2" EPS, 1" perlite | 8555.67 | | \$0.71 | \$17,345.25 |
| B30104300040 | Flashing, aluminum, no backing sides, .019" | 510 | | \$0.12 | \$2,968.02 |
| B30106100050 | Gutters, box, aluminum, .027" thick, 5", enameled finish | 255 | | \$0.10 | \$2,363.55 |
| B30106200100 | Downspout, aluminum, rectangular, 2" x 3", embossed mill finish, .020" thick | 134.18 | | \$0.03 | \$649.25 |
| C | Interiors | | 34.67% | \$44.59 | \$1,085,932.41 |
| C1010 | Partitions | | | \$14.03 | \$341,566.40 |
| C10101241600 | Wood partition, 5/8" fire rated gypsum board face, resilient channel base, 2x4 @ 16", same opposite face, 1.5" fiberglass insulation | 27830 | | \$11.41 | \$277,743.40 |

| | | | | |
|--------------|--|----------|----------------|---------------------|
| C10107101001 | 1/2" fire rated gypsum board, taped & finished, painted on metal furring | 11704.5 | \$2.62 | \$63,823.00 |
| C1020 | Interior Doors | | \$10.48 | \$255,181.47 |
| C10201022510 | Door, single leaf, wood frame, 3'-0" x 7'-0" x 1-3/8", birch, hollow core | 347.89 | \$10.48 | \$255,181.47 |
| C2010 | Stair Construction | | \$3.65 | \$88,835.13 |
| C20101100740 | Stairs, steel, pan tread for conc in-fill, picket rail, 16 risers w/ landing | 5.96 | \$3.65 | \$88,835.13 |
| C3010 | Wall Finishes | | \$3.92 | \$95,519.46 |
| C30102300140 | Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats | 50095.54 | \$1.92 | \$46,863.38 |
| C30102301940 | Ceramic tile, thin set, 4-1/4" x 4-1/4" | 5566.17 | \$2.00 | \$48,656.08 |
| C3020 | Floor Finishes | | \$7.35 | \$178,982.47 |
| C30204100160 | Carpet, tufted, nylon, roll goods, 12' wide, 36 oz | 20699.2 | \$4.61 | \$112,369.33 |
| C30204100220 | Carpet, padding, add to above, 2.7 density | 20699.2 | \$0.97 | \$23,663.74 |
| C30204101720 | Tile, ceramic natural clay | 3652.8 | \$1.76 | \$42,949.40 |
| C3030 | Ceiling Finishes | | \$5.17 | \$125,847.48 |
| C30301104800 | Gypsum board ceilings, 1/2" fire rated gypsum board, painted and textured finish, 1" x 3" wood, 16" OC furring, wood support | 24352 | \$5.17 | \$125,847.48 |

| D | Services | | 33.68% | \$43.32 | \$1,054,936.32 |
|--------------|---|----------|---------------|----------------|-----------------------|
| D1010 | Elevators and Lifts | | | \$4.60 | \$112,117.10 |
| D10101109150 | Hydraulic passenger elevator, 4000 lb., 3 floor, 9' story height, 125 FPM | 0.99 | | \$4.60 | \$112,117.10 |
| D2010 | Plumbing Fixtures | | | \$15.76 | \$383,798.87 |
| D20101101880 | Water closet, vitreous china, tank type, wall hung, close coupled 2 piece | 50 | | \$5.75 | \$140,023.00 |
| D20102102000 | Urinal, vitreous china, wall hung | 0.9 | | \$0.05 | \$1,296.02 |
| D20103101560 | Lavatory w/trim, vanity top, PE on CI, 20" x 18" | 50 | | \$3.36 | \$81,889.50 |
| D20104101800 | Kitchen sink w/trim, countertop, PE on CI, 32" x 21" double bowl | 1.8 | | \$0.13 | \$3,118.22 |
| D20104404300 | Service sink w/trim, PE on CI, wall hung w/rim guard, 22" x 18" | 2.46 | | \$0.47 | \$11,515.62 |
| D20105102080 | Bathtub, recessed, PE on CI, mat bottom, 5' long | 50 | | \$5.81 | \$141,449.00 |
| D20107101840 | Shower, stall, fiberglass 1 piece, three walls, 36" square | 0.9 | | \$0.06 | \$1,554.21 |
| D20108201880 | Water cooler, electric, wall hung, dual height, 14.3 GPH | 0.9 | | \$0.12 | \$2,953.30 |
| D2020 | Domestic Water Distribution | | | \$3.06 | \$74,467.18 |
| D20202502140 | Gas fired water heater, commercial, 100< F rise, 300 MBH input, 278 GPH | 3.63 | | \$3.06 | \$74,467.18 |
| D3030 | Cooling Generating Systems | | | \$2.47 | \$60,251.10 |
| D30302141200 | Heating/cooling system , gas fired forced air, one zone, SEER 14, 1200 SF | 6 | | \$2.47 | \$60,251.10 |
| D4010 | Sprinklers | | | \$3.03 | \$73,734.05 |
| D40104100620 | Wet pipe sprinkler systems, steel, light hazard, 1 floor, 10,000 SF | 8279.68 | | \$1.22 | \$29,605.73 |
| D40104100740 | Wet pipe sprinkler systems, steel, light hazard, each additional floor, 10,000 SF | 16072.32 | | \$1.81 | \$44,128.32 |
| D4020 | Standpipes | | | \$0.31 | \$7,500.11 |
| D40203101540 | Wet standpipe risers, class III, steel, black, sch 40, 4" diam pipe, 1 floor | 0.5 | | \$0.22 | \$5,343.57 |
| D40203101560 | Wet standpipe risers, class III, steel, black, sch 40, 4" diam pipe, additional floors | 0.89 | | \$0.09 | \$2,156.54 |
| D5010 | Electrical Service/Distribution | | | \$3.35 | \$81,602.95 |
| D50101200400 | Overhead service installation, includes breakers, metering, 20' conduit & wire, 3 phase, 4 wire, 120/208 V, 800 A | 1.25 | | \$0.68 | \$16,570.66 |
| D50102300400 | Feeder installation 600 V, including RGS conduit and XHHW wire, 800 A | 200 | | \$1.68 | \$40,940.70 |
| D50102400280 | Switchgear installation, incl switchboard, panels & circuit breaker, 120/208 V, 3 phase, 800 A | 1.2 | | \$0.99 | \$24,091.59 |

| | | | | | |
|---|--|-------|---------------|-----------------|-----------------------|
| D5020 | Lighting and Branch Wiring | | | \$8.71 | \$212,102.87 |
| D50201100560 | Receptacles incl plate, box, conduit, wire, 10 per 1000 SF, 1.2 W per SF, with transformer | 24352 | | \$3.96 | \$96,540.09 |
| D50201300360 | Wall switches, 5.0 per 1000 SF | 24352 | | \$1.38 | \$33,705.36 |
| D50201350200 | Miscellaneous power, to .5 watts | 24352 | | \$0.17 | \$4,206.32 |
| D50201452080 | Motor installation, three phase, 460 V, 15 HP motor size | 2 | | \$0.21 | \$5,203.90 |
| D50202100200 | Fluorescent fixtures recess mounted in ceiling, 1 watt per SF, 20 FC, 5 fixtures @40 watts per 1000 SF | 24352 | | \$2.98 | \$72,447.20 |
| D5030 | Communications and Security | | | \$2.03 | \$49,362.09 |
| D50309100456 | Communication and alarm systems, fire detection, addressable, 100 detectors, includes outlets, boxes, conduit and wire | 0.52 | | \$1.75 | \$42,731.67 |
| D50309100462 | Fire alarm command center, addressable with voice, excl. wire & conduit | 0.5 | | \$0.27 | \$6,630.42 |
| E | Equipment & Furnishings | | 0.00% | \$0.00 | \$0.00 |
| E1090 | Other Equipment | | | \$0.00 | \$0.00 |
| F | Special Construction | | 0.00% | \$0.00 | \$0.00 |
| G | Building Sitework | | 0.00% | \$0.00 | \$0.00 |
| SubTotal | | | 100% | \$128.64 | \$3,132,646.56 |
| Contractor Fees (General Conditions,Overhead,Profit) | | | 15.0 % | \$19.30 | \$469,896.98 |
| Architectural Fees | | | 0.0 % | \$0.00 | \$0.00 |
| User Fees | | | 0.0 % | \$0.00 | \$0.00 |
| Total Building Cost | | | | \$147.94 | \$3,602,543.54 |

Archer House Redevelopment TIF District

Code Deficiency Cost Report

Parcel A - 212 Division Street South, Northfield, MN 55057

Archer House

Parcel ID 22.31.3.50.025

| Code | Related Cost Items | Unit Cost | Units | Unit Quantity | Total |
|----------------------------|---|-------------|-------|---------------|---------------|
| Accessibility Items | | | | | |
| | Building Access | | | | |
| | Create a code compliant access into the building | \$ 1,000.00 | Lump | 1 | \$ 1,000.00 |
| | Create a code compliant access to all levels of the building | \$ 7,500.00 | Lump | 1 | \$ 7,500.00 |
| | Restrooms | | | | |
| | Modify restrooms to fully comply with code | \$ 1,000.00 | Lump | 1 | \$ 1,000.00 |
| | Drinking Fountain | | | | |
| | Install code compliant drinking fountain | \$ 0.12 | SF | 24,352 | \$ 2,922.24 |
| | Hotel Transaction Counter | | | | |
| | Modify hotel transaction counter to comply with code for accessibility | \$ 1,000.00 | EA | 1 | \$ 1,000.00 |
| Structural Elements | | | | | |
| | Roofing System | | | | |
| | Repair failed roofing system to comply with code | \$ 2.16 | SF | 4,000 | \$ 8,640.00 |
| | Flooring system | | | | |
| | Repair failed flooring system to comply with code | \$ 3.66 | SF | 2,200 | \$ 8,052.00 |
| Exiting | | | | | |
| | Thresholds | | | | |
| | Modify thresholds to comply with code for maximum height | \$ 100.00 | EA | 6 | \$ 600.00 |
| | Door Hardware | | | | |
| | Install code compliant door hardware | \$ 250.00 | EA | 65 | \$ 16,250.00 |
| | Glass Doors | | | | |
| | Install code required 10-inch kick plates on glass doors | \$ 100.00 | EA | 4 | \$ 400.00 |
| | Flooring Material | | | | |
| | Replace damaged flooring material to comply with code required unimpeded means for emergency egress | \$ 7.35 | SF | 24,352 | \$ 178,987.20 |
| Fire Protection | | | | | |
| | Exterior Fire Escape | | | | |
| | Modify exterior fire escape to comply with code | \$ 1,000.00 | Lump | 1 | \$ 1,000.00 |
| | Emergency Notification System | | | | |
| | Install code compliant emergency notification system | \$ 2.03 | SF | 24,352 | \$ 49,434.56 |
| | Emergency Lighting System | | | | |
| | Install code compliant emergency lighting system | \$ 1.17 | SF | 24,352 | \$ 28,491.84 |
| | Fire Suppression System | | | | |
| | Install code compliant fire suppression system | \$ 0.77 | SF | 24,352 | \$ 18,751.04 |
| | Wall and Ceiling Penetrations | | | | |
| | Properly protect wall and ceiling penetrations per code | \$ 2,500.00 | Lump | 1 | \$ 2,500.00 |

| Code | Related Cost Items | Unit Cost | Units | Unit Quantity | Total |
|--------------------------------|--|-----------|-------|---------------|-------------------|
| | Interior Stairways | | | | |
| | Modify interior stairways to comply with code | \$ 1.00 | SF | 24,352 | \$ 24,352.00 |
| Exterior Construction | | | | | |
| | Caulking | | | | |
| | Replace failed caulking to prevent water intrusion per code | \$ 0.08 | SF | 24,352 | \$ 1,948.16 |
| | Brick Veneer | | | | |
| | Repair failed brick veneer to prevent water intrusion per code | \$ 1.00 | SF | 24,352 | \$ 24,352.00 |
| | Windows | | | | |
| | Replace failed window system to prevent water intrusion per code | \$ 3.56 | SF | 24,352 | \$ 86,693.12 |
| Roof Construction | | | | | |
| | Roofing Material | | | | |
| | Remove failed roofing material | \$ 0.50 | SF | 24,352 | \$ 12,176.00 |
| | Install roofing material to prevent water intrusion per code | \$ 2.49 | SF | 24,352 | \$ 60,636.48 |
| Mechanical- Electrical | | | | | |
| | Mechanical | | | | |
| | Install code compliant HVAC system | \$ 2.47 | SF | 24,352 | \$ 60,149.44 |
| | Modify plumbing system to comply with code | \$ 0.90 | SF | 24,352 | \$ 21,916.80 |
| | Electrical | | | | |
| | Modify electrical wiring to comply with code | \$ 1.50 | SF | 24,352 | \$ 36,528.00 |
| | Install code compliant lighting system | \$ 2.98 | SF | 24,352 | \$ 72,568.96 |
| Total Code Improvements | | | | | \$ 727,850 |

Archer House Redevelopment TIF District - 212 Division St S Photos



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Archer House Redevelopment TIF District - 212 Division St S Photos



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Archer House Redevelopment TIF District - 212 Division St S Photos



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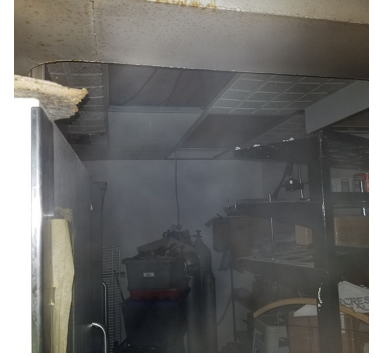
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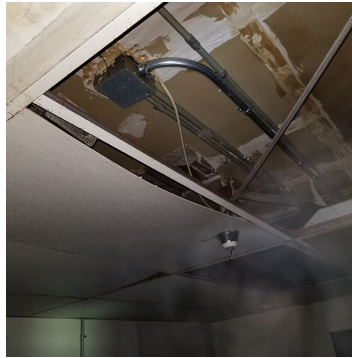
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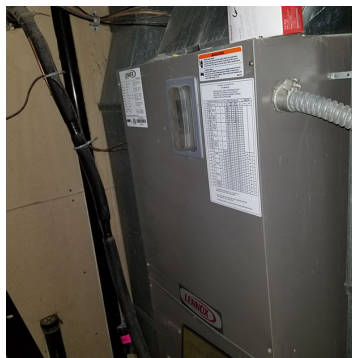
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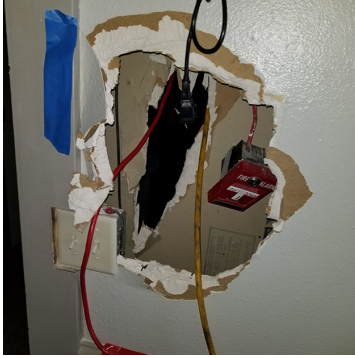


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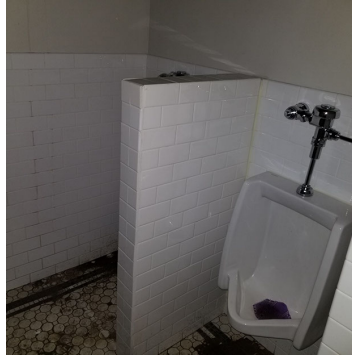


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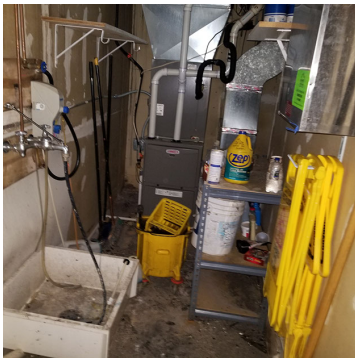
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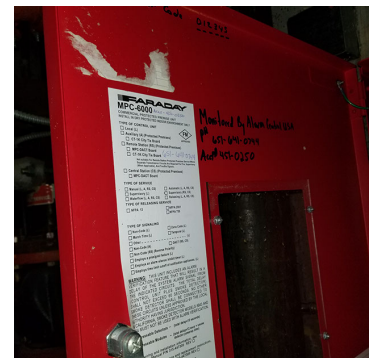
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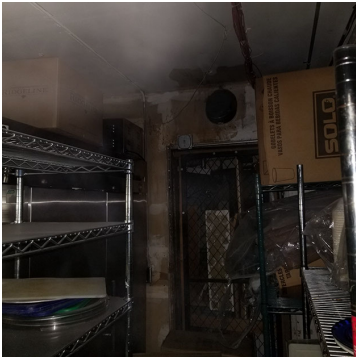
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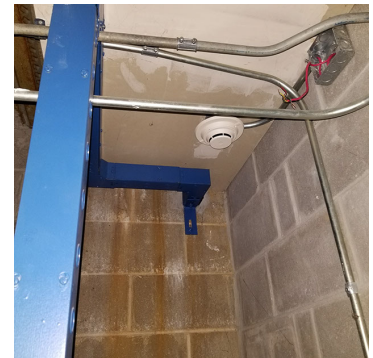
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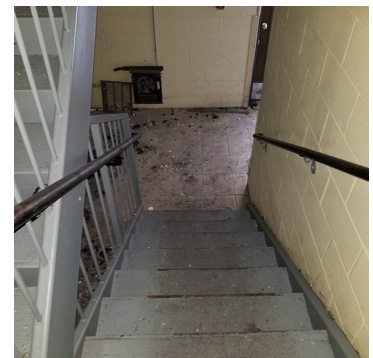
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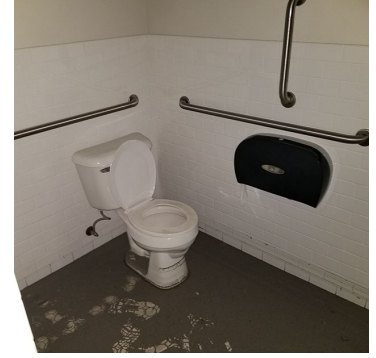
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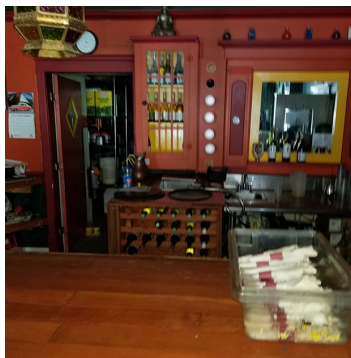
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Archer House Redevelopment TIF District - 212 Division St S Photos



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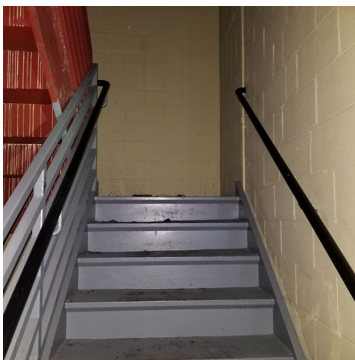
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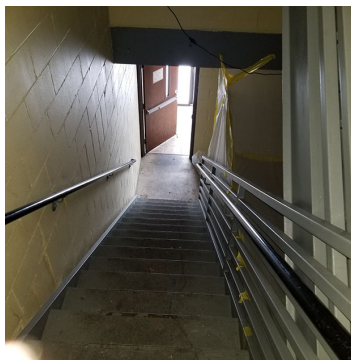
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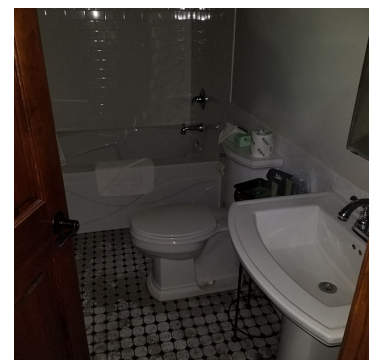
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Archer House Redevelopment TIF District - 212 Division St S Photos



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