

Draft for Planning Commission and Housing and Redevelopment Authority

Adoption Date: May 19, 2026

City of Northfield Rice County, Minnesota

MODIFICATION TO THE DEVELOPMENT PROGRAM

Master Development District

&

Tax Increment Financing (TIF) Plan

Establishment of Harvest Hills
Tax Increment Financing District
(a housing district)



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Modification to the Development Program for Master Development District

FOREWORD

The following text represents a Modification to the Development Program for 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 for Master Development District. Generally, the substantive changes include the establishment of the Harvest Hills Tax Increment Financing District.

For further information, a review of the Development Program for Master Development District, is recommended. It is available from the Community Development Director 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 Harvest Hills 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 Harvest Hills Tax Increment Financing District (the "District"), a housing tax increment financing district, located in the Master Development District.

STATUTORY AUTHORITY

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the City has certain statutory powers pursuant to *Minnesota Statutes ("M.S."), Sections 469.124 - 469.133*, inclusive, as amended (the "Municipal Development Act"), and *M.S., Sections 469.174 to 469.1794*, inclusive, as amended (the "TIF Act"), to assist in financing public costs related to this project.

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Development Program for Master Development District (the "Development Program").

STATEMENT OF OBJECTIVES

The District currently consists of one (1) parcel of land and adjacent roads and internal rights-of-way. The District is being created to help facilitate a new townhome mixed-income multifamily rental housing development in the City consisting of approximately 71 units. The City anticipates entering into an agreement with Schrom Construction, or an affiliate, as the developer. The initial phase of 38-units is anticipated to begin in 2026, with plans for a second phase of development to follow. 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 Master Development District and the District.

DEVELOPMENT PROGRAM OVERVIEW

Pursuant to the Development Program and authorizing state statutes, the City

is authorized to undertake the following activities in the District:

1. Property to be Acquired - Selected property located within the District may be acquired by the City and is further described in this TIF Plan.
2. Relocation - Relocation services, to the extent required by law, are available pursuant to *M.S., Chapter 117* and other relevant state and federal laws.
3. Upon approval of a developer's plan relating to the project and completion of the necessary legal requirements, the City may sell to a developer selected properties that it may acquire within the 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 District as described in this TIF Plan.

DESCRIPTION OF PROPERTY IN THE DISTRICT AND PROPERTY TO BE ACQUIRED

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

Parcel number	Address	Owner
22.12.4.26.022	NA	Crg Properties

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

The City does not currently intend to acquire any property within the District but reserves the right to acquire and convey (for full value or a discount) such property, or appropriate interests therein including interior and adjacent street rights of way, within the Master Development District as the City may deem to be necessary or desirable to assist in the implementation of the Development Program and TIF Plan. The City may acquire property by gift, dedication, condemnation or direct purchase from willing sellers in order to achieve the objectives of this TIF Plan. Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs.

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; and/or carry out land acquisition, site improvements, clearance and/or development to accomplish the uses and objectives set forth in this TIF Plan. The Developer has site control of and intends to acquire the property in the District in connection with the construction of the Development.

DISTRICT CLASSIFICATION

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

- The District consists of one (1) parcel
- The development will consist of approximately 71-units of multi-family rental housing
- At least 20% of the units will be occupied by persons with incomes less than 50% of area median income
- No more than 20% of the square footage of the building that is receiving assistance from tax increment consists of commercial, retail or other non-residential uses.

Pursuant to *M.S., Section 469.176, Subd. 7*, the District does not contain any parcel or part of a parcel that qualified under the provisions of *M.S., Sections 273.111, 273.112, or 273.114* or *Chapter 473H* for taxes payable in any of the five calendar years before the filing of the request for certification of the District.

DURATION & FIRST YEAR OF DISTRICT'S TAX INCREMENT

Pursuant to *M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1*, the duration and first year of tax increment of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the maximum duration of the District will be 25 years after receipt of the first increment by the City (a total of 26 years of tax increment). The City elects to receive the first tax increment in 2028, which is no later than four years following the year of approval of the District.

Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2053, or when the TIF Plan is satisfied. The City reserves the right to decertify the District prior to the legally required date.

ORIGINAL TAX CAPACITY, TAX RATE & ESTIMATED CAPTURED NET TAX CAPACITY VALUE/INCREMENT & NOTIFICATION OF PRIOR PLANNED IMPROVEMENTS

Pursuant to *M.S., Section 469.174, Subd. 7 and M.S., Section 469.177, Subd. 1*, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor in 2025 for taxes payable 2026.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2028) the amount by which the original value has increased or decreased as a result of:

- 1. Change in tax exempt status of property;
- 2. Reduction or enlargement of the geographic boundaries of the District;
- 3. Change due to adjustments, negotiated or court-ordered abatements;
- 4. Change in the use of the property and classification;
- 5. Change in state law governing class rates; or
- 6. Change in previously issued building permits.

In any year in which the current Net Tax Capacity (NTC) value of the District declines below the ONTC, no value will be captured and no tax increment will be payable to the City.

The original local tax rate for the District will be the local tax rate for taxes payable 2026, assuming the request for certification is made before June 30, 2026. The ONTC and the Original Local Tax Rate for the District appear in the table below.

Pursuant to *M.S., Section 469.174 Subd. 4 and M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within the Master Development District, upon completion of the project within the District, will annually approximate tax increment revenues as shown in the table below. The City requests 100% 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 2028. The Project Tax Capacity (PTC) listed is an estimate of values when the project within the District is completed.

Project Tax Capacity (PTC)	
Estimated Development Tax Capacity upon completion	334,781
Less: Original Net Tax Capacity (ONTC)	<u>3,085</u>
Estimate of Captured Tax Capacity (CTC)	331,696
x Original Local Tax Rate	<u>146.2270%</u> Pay 2026
Estimated Annual Tax Increment	\$485,029
Percent Retained by the City	100%

Note: Project Tax Capacity includes a 1% inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 26. The tax capacity of the District upon the initial completion of both phases of the development is estimated to be \$266,250.

Pursuant to *M.S., Section 469.177, Subd. 4*, the City shall, after a due and diligent search, accompany its request for certification to the County Auditor or its notice of the District enlargement pursuant to *M.S., Section 469.175, Subd. 4*, with a listing of all properties within the District or area of enlargement for which building permits have been issued during the eighteen (18) months immediately preceding approval of the TIF Plan by the municipality pursuant to *M.S., Section 469.175, Subd. 3*. The County Auditor shall increase the original net tax capacity of the District by the net tax capacity of improvements for which a building permit was issued.

The City is reviewing the area to be included in the District to determine if any building permits have been issued during the 18 months immediately preceding approval of the TIF Plan by the City.

SOURCES OF REVENUE/BONDS TO BE ISSUED

The total estimated tax increment revenues for the District are shown in the table below:

SOURCES	
Tax Increment	\$ 10,549,828
Interest	<u>527,491</u>
TOTAL	\$ 11,077,319

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 District will be financed by one or more pay-as-you-go TIF notes and/or interfund loans. Any refunding amounts will be deemed a budgeted cost without 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 District in a maximum principal amount of \$11,077,319. 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 District is a proposal to help finance site improvement and construction costs necessary to develop approximately 75-units of new mixed-income multifamily rental housing. The City has determined that it will be necessary to provide assistance to the project for certain District costs, as described herein.

The City has studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

USES	
Affordable Housing	5,969,828
Administrative Costs (up to 10%)	527,491
PROJECT COSTS TOTAL	\$ 6,497,319
Interest	4,580,000
PROJECT AND INTEREST COSTS TOTAL	\$ 11,077,319

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

Estimated costs associated with the District are subject to change among categories without a modification to 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. The City may expend funds for qualified housing activities outside of the District boundaries.

ESTIMATED IMPACT ON OTHER TAXING JURISDICTIONS

The estimated impact on other taxing jurisdictions assumes that the redevelopment contemplated by the TIF Plan would occur without the creation of the District. However, the City has determined that such development or redevelopment would not occur "but for" tax increment financing and that, therefore, the fiscal impact on other taxing jurisdictions is \$0. The estimated fiscal impact of the District would be as follows if the "but for" test was not met:

Estimated Impact on Tax Base			
Entity	2025/Pay 2026 Total NTC	CTC upon completion	Percent of CTC to Entity Total
Rice County	110,995,109	331,696	0.2988%
City of Northfield	25,504,181	331,696	1.3006%
I.S.D. No. 659 (Northfield Schools)	48,649,660	331,696	0.6818%

Estimated Impact on Taxes				
Entity	Pay 2026 Extension Rate	Percent of Total	CTC	Potential Taxes
Rice County	38.2550%	26.16%	331,696	\$ 126,890
City of Northfield	73.3340%	50.15%	331,696	243,246
I.S.D. No. 659 (Northfield Schools)	31.2930%	21.40%	331,696	103,798
Other	3.3450%	2.29%	331,696	11,095
	146.2270%	100.00%		\$ 485,029

The estimates listed above display the captured tax capacity when all construction and the District is completed. The tax rate used for calculations is the Pay 2026 rate. The total net capacity for the entities listed above are based on Pay 2026 figures. The District will be certified under the Pay 2026 rates.

Pursuant to *M.S., Section 469.175 Subd. 2(b)*:

- (1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is \$10,549,828;
- (2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is

expected. The property is currently undeveloped land and would be expected to generate few, minor public safety concerns such as trespassing or nuisance activity. With any addition of new residents or businesses, police calls for service will be increased. New developments can improve conditions through increased lighting, regular occupancy and natural surveillance, but also add an increase in traffic and additional overall demands to the public service call load. Based on comparable developments, the City estimates approximately 75-120 additional calls for service annually for various medical, disturbances, welfare checks and general complaints. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities. IT expects modest increases in personnel time and other operating expenses related to fuel, vehicle wear, and equipment usage. These impacts are expected to be manageable within the current operating budget.

The probable impact of the District on fire protection is not expected to be significant. Typically new buildings generate few calls, if any, and are of superior construction with sprinkler systems and updated fire protection measures. The City estimates approximately 4-5 calls per year, no different from other residential subdivisions within the City. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities, and the development is expected to meet or exceed code requirements for hydrants, water main sizing and roadways.

The impact of the District on public infrastructure is expected to be minimal. The development is not expected to significantly impact any external traffic movements in the area. The current infrastructure for sanitary sewer, storm sewer and water will be able to handle the additional volume generated from the proposed development. Based on the development plans, there are an estimated \$172,000 in new costs associated with street maintenance, sweeping, plowing, lighting and sidewalks. The development in the District is expected to contribute an estimated \$255,232 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 District on the City's ability to issue debt for general fund purposes is expected to be minimal. It is not anticipated that there will be any general obligation debt issued in relation to this project, therefore there will be no impact on the City's ability to issue future debt or on the City's debt limit.

- (3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is \$2,257,694;
- (4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is \$2,759,980;
- (5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S., Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

No requests for additional information from the county or school district regarding the proposed development for the District have been received.

COUNTY ROAD COSTS

Pursuant to *M.S., Section 469.175, Subd. 1a*, the County Board may require the City to pay for all or part of the cost of county road improvements out of increment revenues if the proposed development to be assisted by tax increment will, in the judgment of the County, substantially increase the use of county roads requiring construction of road improvements or other road costs and if the road improvements are not scheduled within the next five years under a capital improvement plan or another county plan.

If the County elects to use increments to improve county roads, it must notify the City within 45 days of receipt of this TIF Plan. In the opinion of the City and consultants, the proposed development outlined in this TIF Plan will have little or no impact upon county roads, therefore the TIF Plan was not forwarded to the county 45 days prior to the public hearing. The City is aware that the County could claim that tax increment should be used for county roads, even after the public hearing.

ADMINISTRATIVE EXPENSES

In accordance with *M.S., Section 469.174, Subd. 14*, administrative expenses means all documented tax increment expenditures of the City, including but not limited to:

- (1) amounts paid for services provided by bond counsel, fiscal consultants, and economic development consultants;
- (2) allocated expenses and staff time of the authority or municipality for administering a project, including but not limited to preparing the tax increment financing plan, negotiating and preparing agreements, accounting for segregated funds of the district, preparing and submitting required reporting for the district, and reviewing and monitoring compliance with the TIF Act;
- (3) amounts paid to publish annual disclosures and provide notices under section *M.S. Section 469.175*;
- (4) amounts to provide for the usual and customary maintenance and operation of properties purchased with tax increments, including necessary reserves for repairs and the cost of any insurance;
- (5) amounts allocated or paid to prepare a development action response plan for a soils condition district or hazardous substance subdistrict; and
- (6) amounts used to pay bonds, interfund loans, or other financial obligations to the extent those obligations were used to finance costs described in clauses (1) to (5).

Administrative expenses and administrative costs do not include:

- (1) amounts paid for the purchase of land or buildings;
- (2) amounts paid to contractors or others providing materials and services directly connected with the physical development of the real property in the project, including architectural and engineering services and materials and services for demolition, soil correction, and the construction or installation of public improvements;
- (3) relocation benefits paid to or services provided for persons residing or businesses located in the project;

- (4) amounts paid for property taxes or payments in lieu of taxes; and
- (5) amounts used to pay principal or interest on, fund a reserve for, or sell at a discount bonds issued pursuant to *M.S. Section 469.178* or other financial obligations to the extent those obligations were used to finance costs described in clauses (1) to (4).

This definition does not apply to County administrative expenses or administrative costs referenced under *M.S. Section 469.176, Subd. 4h*:

Tax increments may be used to pay for the County's actual administrative expenses. The County may require payment of those expenses by February 15 of the year after the year in which the expenses are incurred. The amount of these payments is not required to be set forth in the tax increment financing plan for the project. To obtain payment for actual administrative costs, the County Auditor must submit to the authority a record of costs incurred by the county auditor related to administration of the authority's tax increment financing districts.

The County Treasurer shall deduct an amount (currently 0.36 percent) of any increment distributed to the City, and the County Treasurer shall pay the amount deducted to the State Treasurer for deposit in the State General Fund to be appropriated to the State Auditor for the cost of financial reporting of tax increment financing information and the cost of examining and auditing authorities' use of tax increment financing. This amount may be adjusted annually by the Commissioner of Revenue.

ANNUAL DISCLOSURE REQUIREMENTS

The City must undertake financial reporting for all tax increment financing districts to the Office of the State Auditor (OSA), County Board and County Auditor on or before August 1 of each year. An annual statement shall be published in a newspaper of general circulation in the City on or before August 15.

If the City fails to make a disclosure or submit a report, the OSA will direct the County Auditor to withhold the distribution of tax increment from the TIF District.

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 District.

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

DISTRICT ADMINISTRATION

Administration of the District will be handled by the Community Development Director.

Appendix A: Project Description

The Harvest Hills Tax Increment Financing District is being created to facilitate a new mixed-income townhome rental housing development in the City of Northfield. The development is expected to consist of approximately 71-units, 20% of which will be designated for occupancy by persons at or below 50% of Area Median Income.

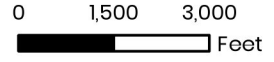
The project will occur in two phases on approximately 10.3 acres of undeveloped vacant land identified as Parcel ID# 22.12.4.26.022. The first phase is anticipated to begin in 2026 with grading, foundation and site and infrastructure improvements necessary to construct 38-townhome units. A second phase for the remaining units is planned after completion and occupancy of phase 1.


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

Harvest Hills TIF District



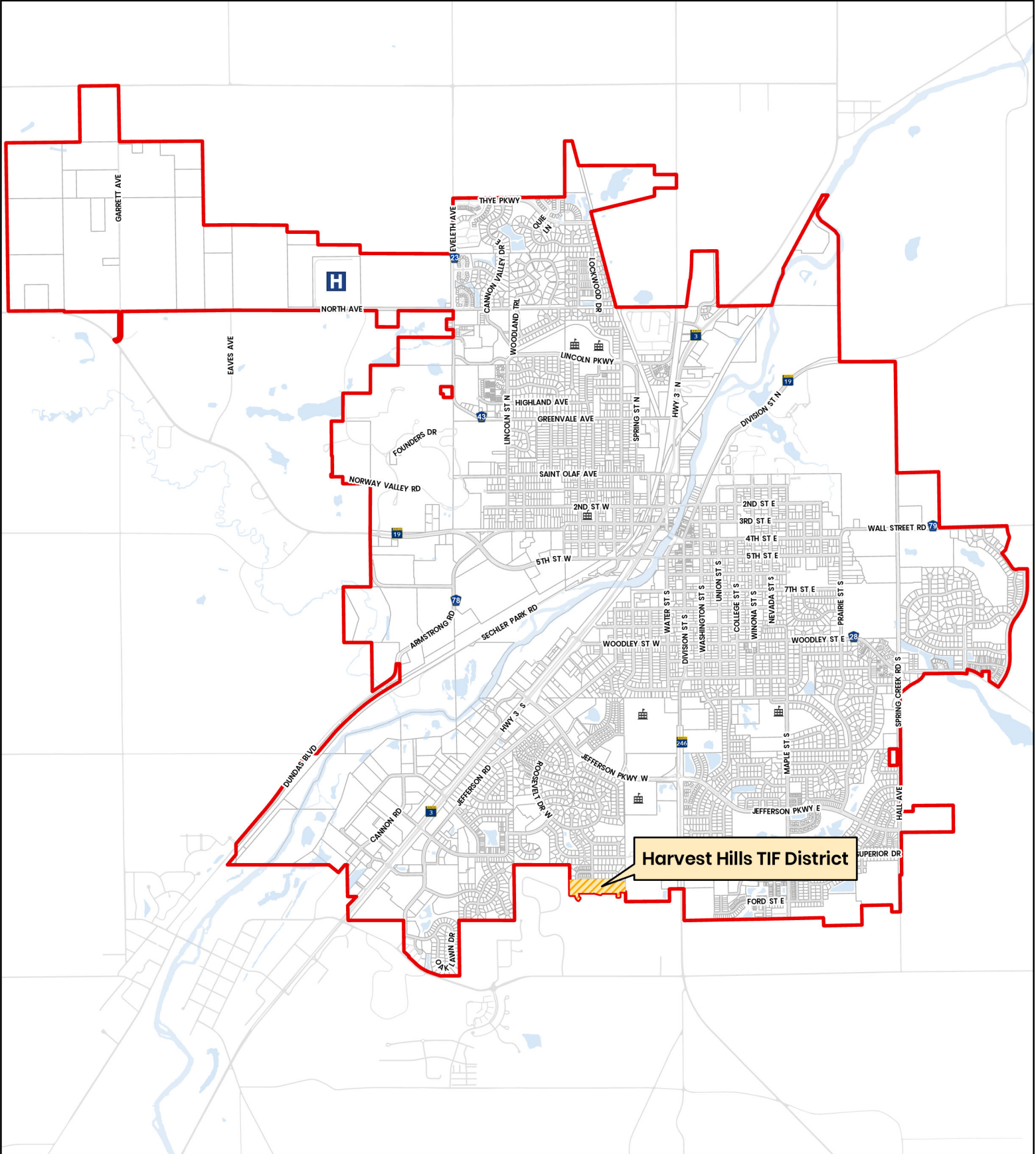
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 PID 22.12.4.26.022

 Master Development Area

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



Appendix C: Estimated Cash Flow for the District

Harvest Hills Housing (1.00% Assumed Tax Value Appreciation)

City of Northfield, MN

Approximately 75-unit Mixed-Income Rental Townhome Development



ASSUMPTIONS AND RATES

DistrictType:	Housing	
District Name/Number:	TBD	
County District #:	TBD	
First Year Construction or Inflation on Value	2026	
Existing District - Specify No. Years Remaining		
Inflation Rate - Every Year:	1.00%	
Interest Rate:	5.85%	
Present Value Date:	1-Aug-27	
First Period Ending	1-Feb-28	
Tax Year District was Certified:	Pay 2026	
Cashflow Assumes First Tax Increment For Development:	2028	
Years of Tax Increment	26	
Assumes Last Year of Tax Increment	2053	
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:	146.227%	Pay 2026
Current Local Tax Rate: (Use lesser of Current or Max.)	146.227%	Pay 2026
State-wide Tax Rate (Comm./Ind. only used for total taxes)	28.3130%	Pay 2026
Market Value Tax Rate (Used for total taxes)	0.30535%	Pay 2026

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		0.25%
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	22.12.4.26.022	Crg Properties	NA	246,800	0	246,800	100%	246,800	Pay 2026	Rental	3,085	Rental	3,085	1
				246,800	0	246,800		246,800			3,085		3,085	

Note:

1. Base values are for pay 2026 based on review of County website on 3.26.2026.
2. Located in SD #659.

Harvest Hills Housing (1.00% Assumed Tax Value Appreciation)

City of Northfield, MN
Approximately 75-unit Mixed-Income Rental Townhome Development



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 2026	Percentage Completed 2027	Percentage Completed 2028	Percentage Completed 2029	First Year Full Taxes Payable
1	Townhouses	284,000	284,000	30	8,520,000	Rental	106,500	3,550	50%	100%	100%	100%	2029
1	Townhouses	284,000	284,000	8	2,272,000	Rental	28,400	3,550	50%	100%	100%	100%	2029
2	Townhouses	284,000	284,000	30	8,520,000	Rental	106,500	3,550	0%	0%	50%	100%	2031
2	Townhouses	284,000	284,000	7	1,988,000	Rental	24,850	3,550	0%	0%	50%	100%	2031
TOTAL				75	21,300,000		266,250						

Note:

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

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
Townhouses	106,500	0	106,500	155,732	0	0	26,016	181,748	6,058.25
Townhouses	28,400	0	28,400	41,528	0	0	6,938	48,466	6,058.25
Townhouses	106,500	0	106,500	155,732	0	0	26,016	181,748	6,058.25
Townhouses	24,850	0	24,850	36,337	0	0	6,070	42,408	6,058.25
TOTAL	266,250	0	266,250	389,329	0	0	65,040	454,369	

Note:

1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	454,369
less State-wide Taxes	0
less Fiscal Disp. Adj.	0
less Market Value Taxes	(65,040)
less Base Value Taxes	(4,511)
Annual Gross TIF	384,818



Harvest Hills Housing (1.00% Assumed Tax Value Appreciation)

City of Northfield, MN

Approximately 75-unit Mixed-Income Rental Townhome Development

ESTIMATED TAX INCREMENT CASH FLOW														
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	Less: State Auditor 0.36%	Less: City Retention 5.0%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
							-	-	-	-				02/01/28
100%	67,450	(3,085)	-	64,365	146.227%	94,119	47,060	(169)	(2,345)	44,546	42,050	0.5	2028	08/01/28
							47,060	(169)	(2,345)	44,546	82,904	1	2028	02/01/29
100%	134,900	(3,085)	-	131,815	146.227%	192,749	96,375	(347)	(4,801)	91,226	164,194	1.5	2029	08/01/29
							96,375	(347)	(4,801)	91,226	243,174	2	2029	02/01/30
100%	201,924	(3,085)	-	198,839	146.227%	290,756	145,378	(523)	(7,243)	137,612	358,927	2.5	2030	08/01/30
							145,378	(523)	(7,243)	137,612	471,390	3	2030	02/01/31
100%	268,961	(3,085)	-	265,876	146.227%	388,783	194,392	(700)	(9,685)	184,007	617,496	3.5	2031	08/01/31
							194,392	(700)	(9,685)	184,007	759,450	4	2031	02/01/32
100%	271,651	(3,085)	-	268,566	146.227%	392,716	196,358	(707)	(9,783)	185,869	898,764	4.5	2032	08/01/32
							196,358	(707)	(9,783)	185,869	1,034,120	5	2032	02/01/33
100%	274,368	(3,085)	-	271,283	146.227%	396,688	198,344	(714)	(9,882)	187,749	1,166,959	5.5	2033	08/01/33
							198,344	(714)	(9,882)	187,749	1,296,023	6	2033	02/01/34
100%	277,111	(3,085)	-	274,026	146.227%	400,700	200,350	(721)	(9,981)	189,648	1,422,688	6.5	2034	08/01/34
							200,350	(721)	(9,981)	189,648	1,545,753	7	2034	02/01/35
100%	279,882	(3,085)	-	276,797	146.227%	404,753	202,376	(729)	(10,082)	191,565	1,666,529	7.5	2035	08/01/35
							202,376	(729)	(10,082)	191,565	1,783,874	8	2035	02/01/36
100%	282,681	(3,085)	-	279,596	146.227%	408,845	204,423	(736)	(10,184)	193,502	1,899,036	8.5	2036	08/01/36
							204,423	(736)	(10,184)	193,502	2,010,926	9	2036	02/01/37
100%	285,508	(3,085)	-	282,423	146.227%	412,979	206,489	(743)	(10,287)	195,459	2,120,734	9.5	2037	08/01/37
							206,489	(743)	(10,287)	195,459	2,227,423	10	2037	02/01/38
100%	288,363	(3,085)	-	285,278	146.227%	417,154	208,577	(751)	(10,391)	197,435	2,332,127	10.5	2038	08/01/38
							208,577	(751)	(10,391)	197,435	2,433,856	11	2038	02/01/39
100%	291,247	(3,085)	-	288,162	146.227%	421,370	210,685	(758)	(10,496)	199,430	2,533,692	11.5	2039	08/01/39
							210,685	(758)	(10,496)	199,430	2,630,692	12	2039	02/01/40
100%	294,159	(3,085)	-	291,074	146.227%	425,629	212,815	(766)	(10,602)	201,446	2,725,887	12.5	2040	08/01/40
							212,815	(766)	(10,602)	201,446	2,818,377	13	2040	02/01/41
100%	297,101	(3,085)	-	294,016	146.227%	429,931	214,965	(774)	(10,710)	203,482	2,909,147	13.5	2041	08/01/41
							214,965	(774)	(10,710)	203,482	2,997,337	14	2041	02/01/42
100%	300,072	(3,085)	-	296,987	146.227%	434,275	217,137	(782)	(10,818)	205,538	3,083,887	14.5	2042	08/01/42
							217,137	(782)	(10,818)	205,538	3,167,977	15	2042	02/01/43
100%	303,073	(3,085)	-	299,988	146.227%	438,663	219,331	(790)	(10,927)	207,615	3,250,503	15.5	2043	08/01/43
							219,331	(790)	(10,927)	207,615	3,330,683	16	2043	02/01/44
100%	306,103	(3,085)	-	303,018	146.227%	443,095	221,547	(798)	(11,037)	209,712	3,409,372	16.5	2044	08/01/44
							221,547	(798)	(11,037)	209,712	3,485,825	17	2044	02/01/45
100%	309,164	(3,085)	-	306,079	146.227%	447,571	223,785	(806)	(11,149)	211,831	3,560,855	17.5	2045	08/01/45
							223,785	(806)	(11,149)	211,831	3,633,754	18	2045	02/01/46
100%	312,256	(3,085)	-	309,171	146.227%	452,091	226,046	(814)	(11,262)	213,970	3,705,295	18.5	2046	08/01/46
							226,046	(814)	(11,262)	213,970	3,774,804	19	2046	02/01/47
100%	315,378	(3,085)	-	312,293	146.227%	456,657	228,329	(822)	(11,375)	216,131	3,843,020	19.5	2047	08/01/47
							228,329	(822)	(11,375)	216,131	3,909,297	20	2047	02/01/48
100%	318,532	(3,085)	-	315,447	146.227%	461,269	230,635	(830)	(11,490)	218,314	3,974,340	20.5	2048	08/01/48
							230,635	(830)	(11,490)	218,314	4,037,535	21	2048	02/01/49
100%	321,718	(3,085)	-	318,633	146.227%	465,927	232,963	(839)	(11,606)	220,519	4,099,555	21.5	2049	08/01/49
							232,963	(839)	(11,606)	220,519	4,159,811	22	2049	02/01/50
100%	324,935	(3,085)	-	321,850	146.227%	470,631	235,316	(847)	(11,723)	222,745	4,218,947	22.5	2050	08/01/50
							235,316	(847)	(11,723)	222,745	4,276,402	23	2050	02/01/51
100%	328,184	(3,085)	-	325,099	146.227%	475,383	237,691	(856)	(11,842)	224,994	4,332,787	23.5	2051	08/01/51
							237,691	(856)	(11,842)	224,994	4,387,571	24	2051	02/01/52
100%	331,466	(3,085)	-	328,381	146.227%	480,182	240,091	(864)	(11,961)	227,265	4,441,334	24.5	2052	08/01/52
							240,091	(864)	(11,961)	227,265	4,493,570	25	2052	02/01/53
100%	334,781	(3,085)	-	331,696	146.227%	485,029	242,514	(873)	(12,082)	229,559	4,544,834	25.5	2053	08/01/53
							242,514	(873)	(12,082)	229,559	4,594,640	26	2053	02/01/54
Total							10,587,944	(38,117)	(527,491)	10,022,336				
							4,853,938	(17,474)	(241,823)	4,594,640				
							Present Value From: 08/01/2027		Present Value Rate: 5.85%					

Appendix D: Findings Including But/For Qualifications

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

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

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

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

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

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

The City consulted with its Planning Commission who reviewed the TIF Plan on April 16, 2026 and found that the TIF Plan conforms to the general development plan of the City. The City Council finds that the proposed project complies with the intended use of the property within the City's Comprehensive Plan and therefore the TIF Plan conforms to the general development plan of the City.

4. *Finding that the TIF Plan for Harvest Hills 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 Master Development District by private enterprise.*

Through the implementation of the TIF Plan, the Development proposed to occur within the TIF District is the construction by private enterprise of low and moderate income multi-family housing. The Development will also increase the taxable market valuation of the City. The available multi-family housing in the City will increase by approximately 71 rental units with the completion of the Development and this will help fulfill the need for such housing in the City.