

KRAEWOOD APARTMENT TIF REQUEST

Mitzi A. Baker, AICP, Community Development Director

Nate Carlson, Economic Development Coordinator

HRA Review: October 26, 2021



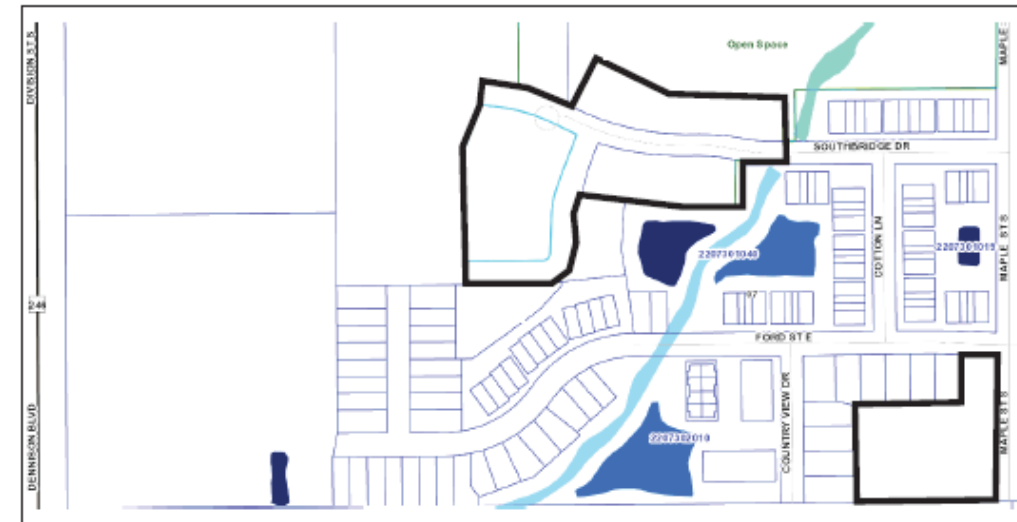
TIF DISTRICT




Establishing TIF District at Kraewood – Council
Public Hearing Nov 2, 2021

Boundary of Map & Notice – currently shows
existing parcel

Boundary of the site for TIF will be smaller & will
be defined after the Plat is recorded and a new
parcel is created.

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



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

SITE LOCATION

- Part of larger Kraewood development
- 3 acres development
- N-2 Zoning



KRAEWOOD TIF PROPOSAL

Proposed Development

Rebound Stencil Development – Housing Development

100 units to be constructed

42 – two bedroom units

39 – one bedroom units

19 – studio units

Affordable requirement – 40% of the units at 60% AMI (Housing TIF requirement)

Proposed Units at 60% AMI

40 Affordable Units

8 – Studio

16 – 1 Bedroom

16 – 2 Bedroom

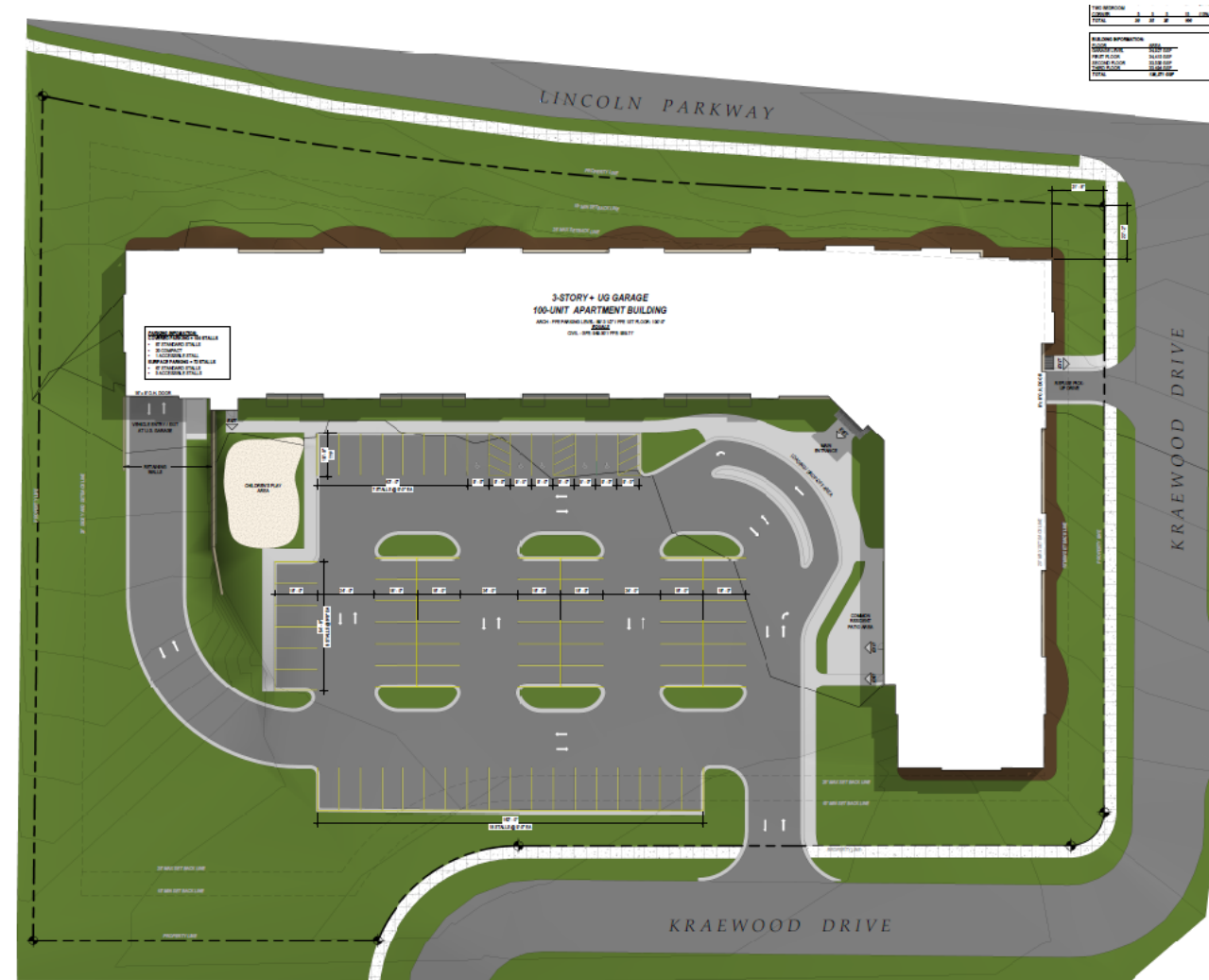
PROJECT - PRELIMINARY RENDERINGS



VIEW DOWN KRAEWOOD DRIVE TOWARD LINCOLN PARKWAY



VIEW FROM INTERSECTION OF KRAEWOOD AND LINCOLN LOOKING AT NORTHEAST CORNER OF BUILDING



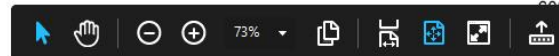
PRELIMINARY — CONCEPT W/ ADJACENT AREA



CivilSite
GROUP

KRAEWOOD DEVELOPMENT LANDSCAPE EXHIBIT

200 GREENVALE AVE., NORTHFIELD, MN | 06/25/2021



TAX INCREMENT FINANCING

Project need for assistance

- Significant costs related to construction & site preparation
- Inclusion of Affordable Units
- \$17 - \$18 million est. total project cost

Tax Increment Financing

- Housing Development TIF District (26-year duration)
 - Expand boundaries of Southbridge Development District to include new site (Development District required per state statute)
 - Increment only captured for new site
- Capture increment for affordable housing projects (i.e. rent restricted per statute)
- Current request set up for a “Pay-as-you-go;” no up-front financing requested, assistance with cash flow over the duration of the TIF
- Potential Captured TIF from development - \$6.2 million
 - Currently in review and negotiating potential terms of TIF Assistance
- **Financial Assistance Request estimate \$ 1,800,000**

SCHEDULE OF EVENTS

Staff and Ehlers Technical Review, Coordination & Materials Prep

- July 2021 – ongoing

Planning Commission review of TIF Plan conformance with Comp Plan on September 16

- Review & Resolution

HRA Board meets October 26

- Review TIF request and offer recommendation

City Council to hold Public Hearing on November 2 on TIF District

- Public Hearing for TIF District
- Potential Action to approve TIF District

City Council to approve TIF Assistance Agreement at a later date



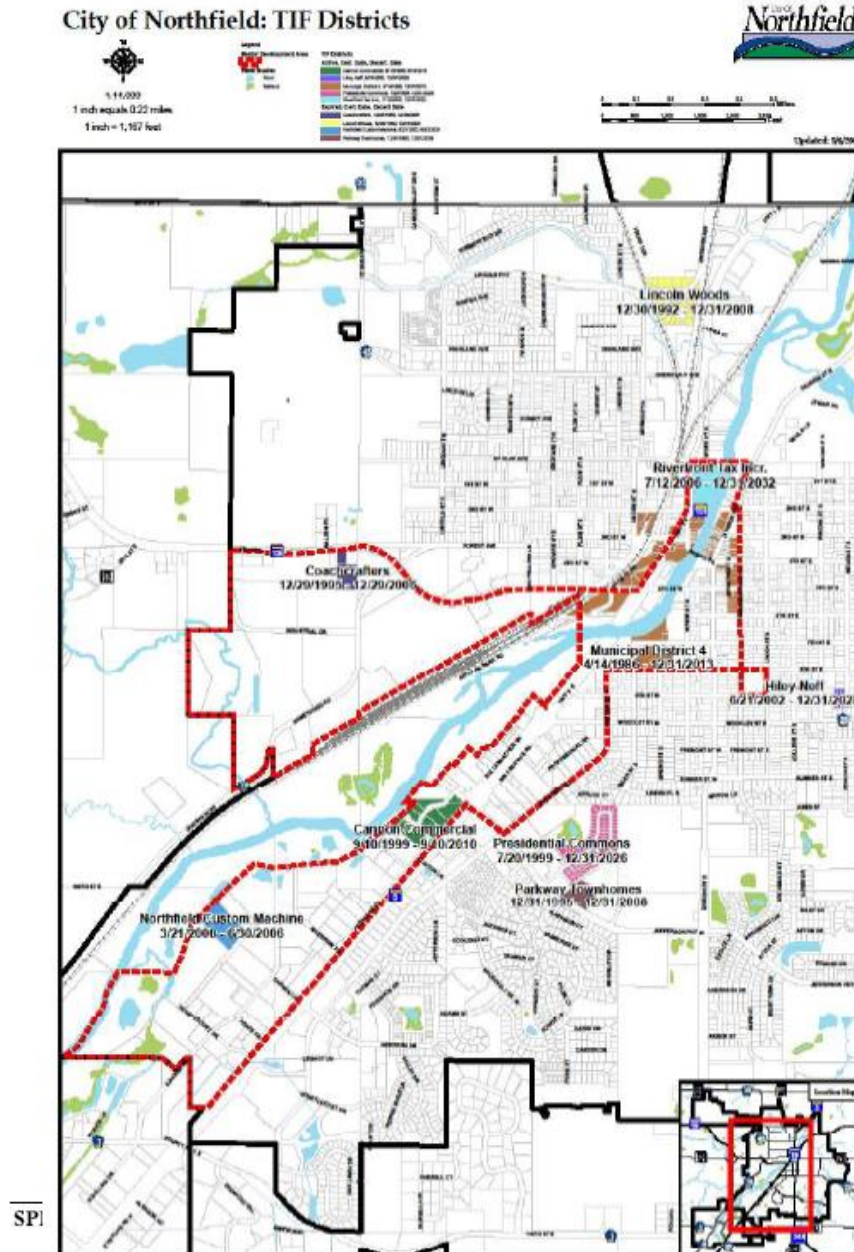
ACTIVE TIF DISTRICTS

Active TIF Districts

Name	Developer	Type	Payment Structure	Amount	Duration (years)	End date
Crossings	Rebound Development Partners, LLC	Redevelopment	PAYGO	\$ 987,500.00	26	2032
Aurora	Aurora Pharmaceuticals	Economic	PAYGO	\$ 169,939.00	8	2029
Maple Brook	Schrom Construction (Maple Brook, LLC)	Housing	PAYGO	\$ 435,500.00	26	2047
5th & Washington	5th Street Lofts, LLC	Redevelopment	PAYGO	\$ 1,800,000.00	26	2048
Spring Creek II	Three Rivers Community Action	Housing	PAYGO	\$ 706,000.00	26	2049
Presidential Commons	Northfield WNS, Inc	Housing	GO Bond	\$ 750,000.00	26	2026
Spring Creek I	Three Rivers Community Action	Housing	PAYGO	\$ 1,021,000.00	26	2041

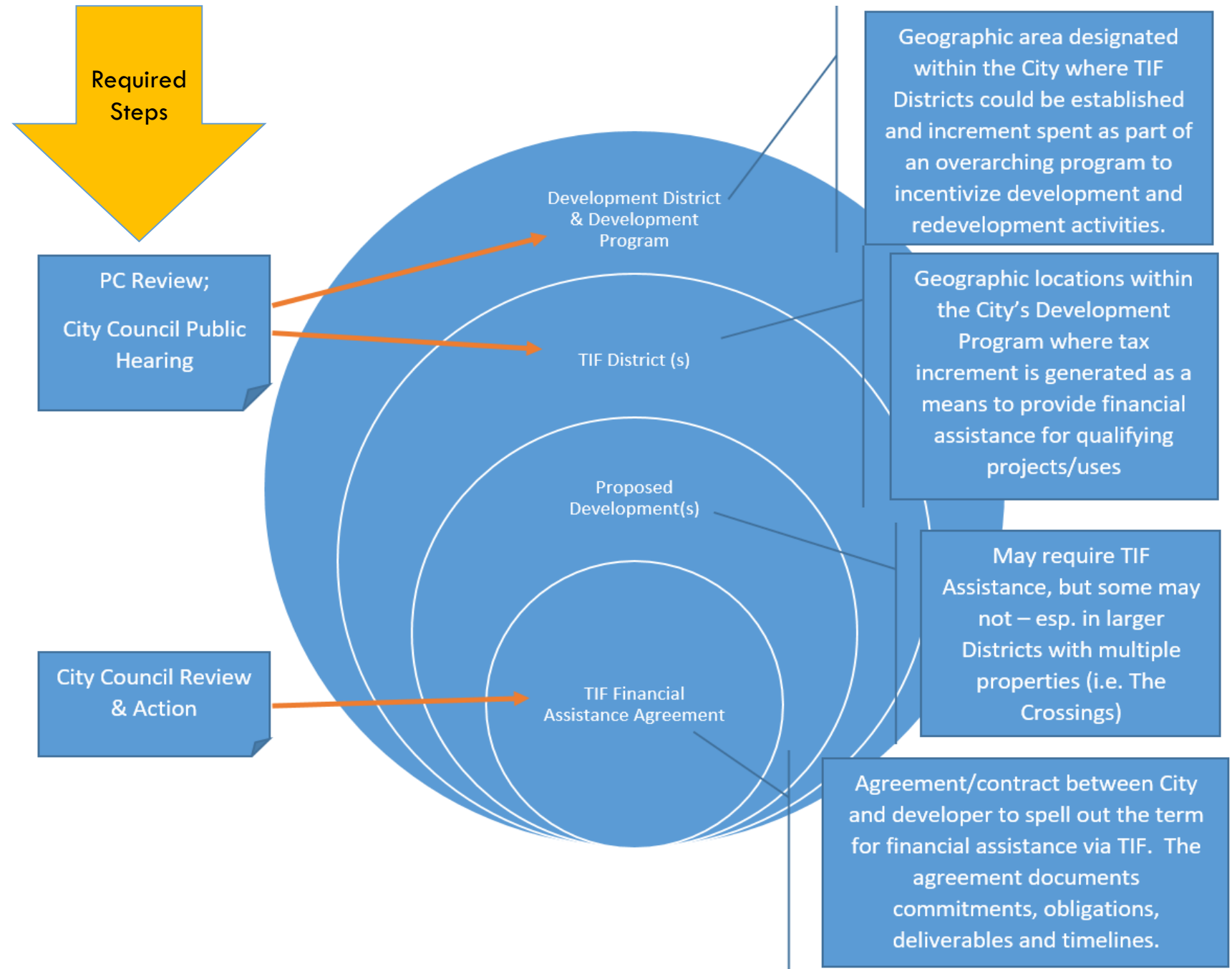
Other Existing TIF District – Downtown & Commercial Area

Map of Development District



Understanding TIF Terms:

- Development District
- TIF District
- TIF Financial Assistance



HRA — TIF REVIEW

No formal action is required of the HRA for this proposal

HRA has reviewed proposals for affordable housing TIF in the past and made recommendations to the City Council for their consideration.

Several official actions were required by the HRA with the Spring Creek I and II projects due to HRA property ownership and financial partnership in the developments.

HRA — TIF REVIEW

Considerations:

- The proposal would add 100 dwelling units to the community in a multi-family mixed income development
- 40 of the units would be affordable to households at 60% of the Area Median Income(AMI)
- Affordable units would be guaranteed at 60% of AMI for the duration of the TIF Agreement (anticipate 26 yrs)

QUESTIONS / DISCUSSION

If the HRA would like to offer a recommendation to the City Council, a motion and vote could be considered.