



Legislation Text

File #: 19-964, **Version:** 1

City Council Meeting Date: July 2, 2019

To: Mayor and City Council
City Administrator

From: Nate Carlson, Economic Development Coordinator

Public Hearing on TIF Request by Schrom Construction.

Action Requested:

The Northfield City Council has called for a Public Hearing to be held on July 2, 2019.

Summary Report:

No action is taken during the public hearing. Following the public hearing, Council will be considering approval of the TIF District. The TIF Agreement and Public Improvements Development Agreement will be on the Council agenda for consideration on July 23.

Schrom Construction, Incorporated is requesting Tax Increment Financing (TIF) incentives from the City of Northfield to assist with a major planned housing development. The project has the potential to increase affordable housing options in Northfield at Maple Street South and Ford Street East. The proposed “pay-as-you-go” TIF District requires the developer to pay all development costs with their own funds. The “pay as you go” reference is in relation to the owner taking on the full risk of future TIF increment payments annually to repay eligible up-front development costs. As the net tax capacity of the district increases, the increase in property taxes paid by the developer (tax increment) can be used to reimburse the developer for eligible costs such as land acquisition, site preparation, and public infrastructure.

***NOTE:** Questions related to this parcel, vacating easements, and historic consideration as parkland will be addressed as part of the Ordinance vacating easements on Outlot A, Southbridge 1st Addition, later in the Council agenda.*

Alternative Options:

N/A

Financial Impacts:

- TIF Amount Requested: 15 - 20 years of TIF (Amount to be determined)
- Type of TIF District: Housing Development District (25-year Maximum District Life)
- TIF Uses: Site improvements, infrastructure construction and engineering of footings and foundations and assistance with annual cash shortfall
- TIF Funding Structure: “Pay-as-you-go.” The Developer will incur all upfront costs and be reimbursed over time.

Tentative Timelines:

May 8 - Rice County and Northfield School District notified of draft TIF Plan

June 12 - Publication of notice of public hearing for TIF

July 2 - Council holds public hearing on TIF

July 2 - Council consideration of Resolution approving TIF District

July 23 - Council consideration of Resolution approving TIF Agreement and Public Improvements
Development Agreement