



MEMORANDUM

DATE:	August 12, 2019
TO:	Chairperson Cauley, Members of the Planning Commission, and Administrator Meyer
FROM:	Cynthia Smith Strack, Community Development Director
RE:	Resolution 19-023 A Resolution Finding The Development Plan For Municipal Development District No. 3 And The Tax Increment Financing Plan For Tax Increment Financing District No. 3-1 Located Therein Consistent With The General Plan For Development Of The City Of Belle Plaine.

GENERAL INFORMATION

Belle Court Apartments/Schrom Construction have submitted a final application for financial assistance in the form of housing tax increment. The request is currently being processed and documents drafted for consideration by the City Council.

State law requires the Planning Commission consider whether or not development plan and proposed use of the property associated with TIF request conform to general (comprehensive) plans for growth and redevelopment. A draft development and TIF plan is attached as drafted by Ehlers. The City Attorney's Office has drafted the attached resolution pertaining to development plan consistency.

The Planning Commission's review is narrow and limited to discussion of planning and land use issues. The Planning Commission is not tasked with reviewing the TIF plan narrative, any potential TIF deal, or analysis included in the Plan.

The City's 2040 Comprehensive Plan update is before the Metropolitan Council for consideration at this time. The 2008 (2030 Plan) remains in effect at this time. The development plan for Belle Court Apartments is broadly consistent with both the 2030 and 2040 Comprehensive Plans including the future land use plan, staging plan, housing plan, transportation plan, and utility plans. Future land use accommodates high density (R-7) development, Elk Street is designed to accommodate development traffic, the City embraces a variety of life cycle housing, and utilities are in place to accommodate the proposed development.

The proposed use of the property for apartments is consistent with the applicable zoning classification of R-7 Mixed Housing.

The City Council previously conditionally approved a development phase PUD plan. Final PUD plan is pending.

No public hearing is required for consideration of the attached resolution.

ACTION:

The Commission is to act on Resolution 19-023, A Resolution Finding The Development Plan For Municipal Development District No. 3 And The Tax Increment Financing Plan For Tax Increment Financing District No. 3-1 Located Therein Consistent With The General Plan For Development Of The City Of Belle Plaine.



DRAFT FOR PLANNING COMMISSION REVIEW

DEVELOPMENT PROGRAM

Municipal Development District No. 3

City of Belle Plaine, Scott County, Minnesota

Public Hearing: September 16, 2019



Table of Contents

Municipal Development District No. 3	3
Definitions	3
Statutory Authority	4
Statement of Finding of Public Purpose.....	4
Statement of Objectives	5
Statement of Public Facilities and Costs to be Financed	6
Funding of Developments and Redevelopments	6
Environmental Controls.....	6
Proposed Reuse of Property.....	6
Open Space to be Created	7
Administration and Maintenance of Municipal Development District No. 3.....	7
Rehabilitation	7
Relocation	7
Property Acquisition	7
Modification of the Development Program and/or Municipal Development District No. 3.....	7
Description of Boundaries of Municipal Development District No. 3	8
Appendix A: Map of Municipal Development	9

Municipal Development District No. 3

Definitions

The terms defined below shall, for purposes of this Development Program, have the meanings herein specified, unless the context otherwise specifically requires.

"City" means the City of Belle Plaine.

"City Council" means the City Council of the City of Belle Plaine.

"Comprehensive Plan" means the documents which contain the objectives, policies, standards and programs to guide public and private land use, development, redevelopment and preservation for all lands and water within the City.

"County" means the County of Scott, Minnesota.

"Enabling Act" means Minnesota Statutes, 469.124 to 469.134, as amended and supplemented from time to time.

"Development District" means the real property within the City constituting the Municipal Development District No. 3, as described in the Development Program.

"Development Program" means this Development Program for Municipal Development District No. 3, as initially proposed, and as it shall be modified.

"Land Use Regulations" means all federal, state and local laws, rules, regulations, ordinances, and plans relating to or governing the use of development of land in the City, including but not limited to environmental, zoning and building code laws and regulations.

"Municipal Development District Act" means Minnesota Statutes, 469.124 to 469.134, inclusive, as amended.

"Public Costs" means the costs set forth in the Tax Increment Financing Plan, and any other costs eligible to be financed by Tax Increments under the TIF Act or the Municipal Development District Act.

"Public Improvements" means the public improvements described in the Development Program and Tax Increment Financing Plan.

"State" means the State of Minnesota.

"Tax Increment Bonds" means any tax increment bonds or notes issued by the City to finance the Public Costs as stated in the Development Program for Municipal Development District No. 3 and in the Tax Increment Financing Plans, and any obligations issued to refund such bonds.

"TIF Act" means Minnesota Statutes, Sections 479.174 through 479.1799, inclusive, as amended.

"Tax Increment Financing District" means any tax increment financing district presently established or to be established in the future in Municipal Development District No. 3.

"Tax Increment Financing Plan" or "Plan" means the Plans adopted by the City for any Tax Increment Financing District.

Statutory Authority

The City established Municipal Development District No. 3 (the "Development District") pursuant to the Municipal Development District Act. It is authorized that the City will administer the Development District and any tax increment financing districts.

Within the Development District, the City plans to create one or more tax increment financing districts established pursuant to the Tax Increment Act to finance the public improvements proposed for the Development District. The public improvements may be initially financed from other City sources, including, but not limited to the use of improvement bonds issued pursuant to Minnesota Statutes, Chapter 429, which sources the City may reimburse from tax increment proceeds derived from tax increment districts to be created with the Development District.

The tax increment district or districts will be created at such time as will enable the City to capture the increase in taxable value of private improvements to be constructed within the Development District.

Statement of Finding of Public Purpose

In recent months, the City has been reviewing the future development of the community. This review has defined several important roles for the City of Belle Plaine.

- Facilitating development activities that are compatible with overall community development objectives of the City.
- Removing the physical and economic barriers to development.
- Providing the infrastructure needed to support development.
- Providing sites for future development.

The City intends to use the powers allowed under the Enabling Act to fill these roles, to promote development and redevelopment throughout the City, and to pool resources in order to reduce financial barriers to providing decent housing and development and redevelopment opportunities.

The City has found that there is a need for development and redevelopment within the Development District based upon the following conditions:

1. The Development District contains numerous parcels containing buildings or improvements which, by reason of dilapidation, obsolescence, overcrowding, faulty arrangement or design, lack of ventilation, light and sanitary facilities, excessive land coverage, deleterious land use or obsolete layout, and a combination of these and other factors is detrimental to the safety, health, morals or welfare of the community.

2. The Development District suffers from a lack of necessary streets, utilities and site improvements essential to preparing and making sites available for meaningful development.
3. The Development District requires active promotion, attraction, encouragement and development of economically sound commerce through government action for the purpose of preventing emergence and continuation of blight and the occurrence of conditions requiring redevelopment
4. The Development District contains vacant, unused, underused and inappropriately used land.

Therefore, the City has determined to exercise its authority to develop a program for improving the Development District to provide impetus for private development and redevelopment, to provide decent housing to residents, to maintain and increase employment, to provide infrastructure to serve citizens and employees of the City, to utilize existing land for potential redevelopment and to provide other facilities as are outlined in the Development Program.

The City has also determined that proposed developments to be assisted by the City would not occur solely through private investment in the foreseeable future. The City finds that the welfare of the City, as well as the State of Minnesota, requires active promotion, attraction, encouragement and development of economically sound industry and commerce to carry out its stated public purpose objectives.

The City has also determined that any tax increment financing plans to be proposed herein will be consistent with the Development Program, and that the tax increment financing plans will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of the Development District by private enterprise.

Statement of Objectives

The City determines that it is necessary, desirable and in the public interest to establish, designate, develop and administer the Development District. The City determines that the establishment of Municipal Development District No. 3 will provide the City with the ability to achieve certain public purpose objectives not otherwise obtainable in the foreseeable future without City intervention in the normal development process. The City seeks to achieve the following program objectives:

1. Promoting and securing the prompt development of property in the Development District in a manner consistent with the City's planning and with a minimal adverse impact on the environment, which property is less productive because of the lack of proper utilization and lack of investment, and thereby promoting and securing the development of other land in the City;
2. Promoting and securing additional employment opportunities within the Development District and the City for residents of the City and the surrounding area, thereby improving living standards and preventing unemployment and the loss of skilled and unskilled labor and other human resources in the City;

3. Securing the increase in value of property subject to taxation by the City, Belle Plaine Public Schools Independent School District No. 716 and Scott County, and any other taxing jurisdictions in order to better enable such entities to pay for public improvements and governmental services and programs required to be provided by them;
4. Securing the construction and providing of moneys for the payment of the cost of public improvements in the Development District, which are necessary for the orderly and beneficial development of the Development District; and
5. Providing and securing the development of increased opportunities for families to reside in quality owner-occupied housing, for senior citizens to choose from housing options which offer a wide array of services without regard to income, and for residents looking for a wide range of multi-family units.

Statement of Public Facilities and Costs to be Financed

The preceding objectives will be promoted by providing improvements and opportunities within the Development District which may include various types of site improvements, land acquisition, redevelopment, demolition, parking, street, sewer, water and other public improvements. A description of the items of expenditure and the estimated costs can be found in the Tax Increment Financing Plans for the Tax Increment Financing Districts created within this Development District.

Funding of Developments and Redevelopments

To implement the established objectives, the City plans to utilize a number of public and private financing tools. Funding of the necessary activities and improvements in the Development District is expected to be accomplished through, and is not limited to, tax increment financing, special assessments, state aid for road construction, proceeds from the sale of property, and federal and state grants.

Any public facilities within the Development District will be financially feasible and compatible with longer range development plans. Any acquisition of property for the public improvements will be done to provide the impetus for private development within the Development District.

Environmental Controls

All municipal actions, public improvements and private development shall be carried out in a manner consistent with existing environmental controls and all applicable Land Use regulations.

Proposed Reuse of Property

The Development Program contemplates that the City may acquire property and reconvey the same to another entity. Prior to formal consideration of the acquisition of any property, the City will require the execution of a binding development agreement with respect thereto and evidence that Tax Increments or other funds will be available to repay the Public Costs associated with the proposed acquisition. It is the intent of the City to negotiate the acquisition of property whenever possible. Appropriate restrictions regarding the reuse and redevelopment of property shall be incorporated into any development agreement to which the City is a party.

Open Space to be Created

Any open space within the Development District will be created in accordance with the zoning and ordinances of the City.

Administration and Maintenance of Municipal Development District No. 3

Maintenance and operation of the Development District will be the responsibility of the City Administrator, Finance Director, and Community Development Director. Each year, the administrator of the Development District will submit to the City Council the maintenance and operation budget for the following year.

The administrator of the Development District will administer the Development District pursuant to the provision of the Enabling Act; provided, however, that such powers may only be exercised at the direction of the City. No action taken by the administrator of the Development District pursuant to the above-mentioned powers shall be effective without authorization by the City.

Rehabilitation

Owners of properties within the Development District may be encouraged to rehabilitate their properties to conform with the applicable state and local codes and ordinances, as well as any design standards. Persons who purchase property within the Development District from the City may be required to rehabilitate their properties as a condition of sale of land. The City may provide such rehabilitation assistance as may be available from federal, state or local sources.

Relocation

Any person or business that is displaced as a result of the Development Program will be relocated in accordance with Minnesota Statutes, Section 117.50 to 117.56. The City accepts its responsibility for providing for relocation assistance pursuant to the Enabling Act.

Property Acquisition

The City intends to acquire such property, or appropriate interest therein, within the Development District as the Authority may deem to be necessary or desirable to assist in the implementation of the Development Program.

Modification of the Development Program and/or Municipal Development District No. 3

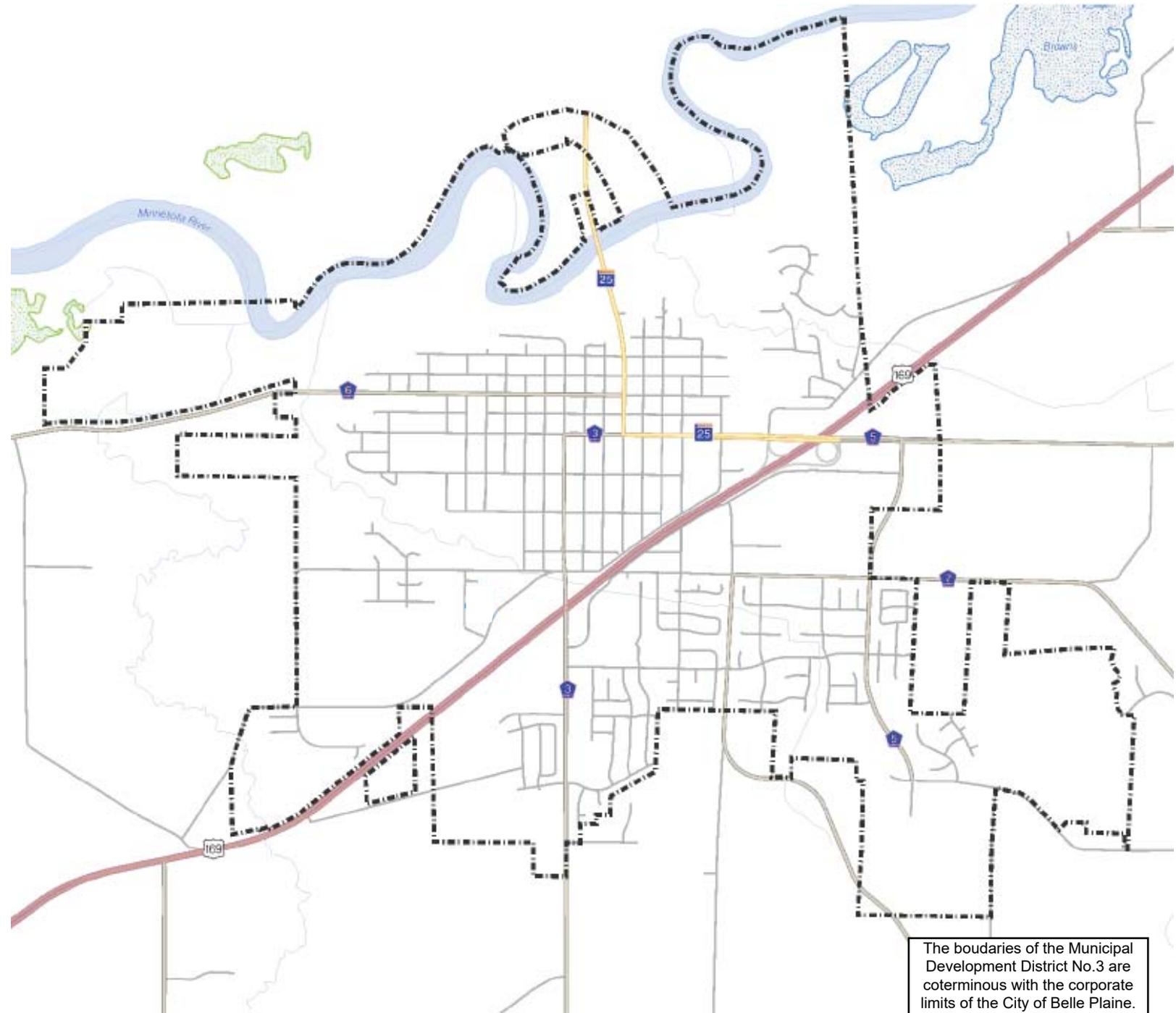
The City reserves the right to alter and amend the Development Program and the Tax Increment Financing Plans, subject to the provisions of state law regulating such action. The City specifically reserves the right to enlarge or reduce the size of the Development District and the Tax Increment Financing District, the Development Program, the Public Costs and the amount of Tax Increment Bonds to be issued to finance such cost by following the procedures specified in Minnesota Statutes, Section 469.175, subdivision 4.

Description of Boundaries of Municipal Development District No. 3

The boundaries of the Development District shall be coterminous with the corporate boundaries of the City of Belle Plaine.

Appendix A: Map of Municipal Development District No. 3

City of Belle Plaine Scott County, Minnesota Municipal Development District No. 3



 Municipal Development District No. 3



DRAFT FOR PLANNING COMMISSION REVIEW

TAX INCREMENT FINANCING PLAN
Tax Increment Financing District No. 3-1: Belle Court
Apartments
(a housing district)

Located in Municipal Development District No. 3

City of Belle Plaine, Scott County, Minnesota

Public Hearing: September 16, 2019



Table of Contents

Tax Increment Financing Plan for Tax Increment Financing District No. 3-1: Belle Court Apartments.....	3
Foreword.....	3
Statutory Authority	3
Statement of Objectives.....	3
Development Program Overview	3
Description of Property in the District and Property to be Acquired	4
Classification of the District.....	4
Duration and First Year of Tax Increment of the District.....	4
Original Tax Capacity, Tax Rate and Estimated Captured Net Tax Capacity Value/Increment and Notification of Prior Planned Improvements.....	5
Sources of Revenue/Bonds to be Issued.....	6
Uses of Funds.....	6
Estimated Impact on Other Taxing Jurisdictions.....	7
Supporting Documentation	9
Administration of the District	9
Appendix A: Map of Municipal Development	10
Appendix B: Estimated Cash Flow for the District.....	11
Appendix C: Findings Including But/For Qualifications	12

Tax Increment Financing Plan for Tax Increment Financing District No. 3-1: Belle Court Apartments

Foreword

The City of Belle Plaine (the "City"), staff and consultants have prepared the following information to expedite the establishment of Tax Increment Financing District No. 3-1: Belle Court Apartments (the "District"), a housing tax increment financing district, located in Municipal Development District No. 3 (the "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, and *M.S., Sections 469.174 to 469.1794*, inclusive, as amended (the "Tax Increment Financing Act" or "TIF Act"), to assist in financing public costs related to this project.

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

Statement of Objectives

The District currently consists of one parcel of land and adjacent and internal rights-of-way. The District is being created to facilitate the development of two 36-unit apartments in the City. The City has not entered into an agreement at this time but has designated Belle Court, LLC / Schrom Construction, Inc. as developer. Development is anticipated to begin in 2019. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for the Development District.

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 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.

Description of Property in the District and Property to be Acquired

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

Parcel number	Address	Owner
200790120	561 Elk St S	Matthew's

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

Classification of the District

The City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1794*, as amended, inclusive, 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 parcel.
- The development will consist of 72 units of multi-family rental housing
- 20% of the units will be occupied by person with incomes less than 50% of median income
- No more than 20 percent of the square footage of the building that is receiving assistance from tax increment consists of commercial, retail or other non-residential uses.

Pursuant to *M.S., Section 469.176, Subd. 7*, 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 and First Year of Tax Increment of the District

Pursuant to *M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1*, the duration and first year of tax increment of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the District will be 25 years after receipt of the first increment by the City (a total of 26 years of tax increment). The City elects to receive the first tax increment in 2021, 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 2046, 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 and Estimated Captured Net Tax Capacity Value/Increment and 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 2019 for taxes payable 2020.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2021) 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 2020, assuming the request for certification is made before June 30, 2020. 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 Development District, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The City requests 100 percent of the available increase in tax capacity for repayment of its obligations and current expenditures, beginning in the tax year payable 2021. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Tax Capacity		
Project estimated Tax Capacity upon completion	\$143,633	
Original estimated Net Tax Capacity	\$2,888	
<u>Fiscal Disparities</u>	<u>\$0</u>	
Estimated Captured Tax Capacity	\$140,745	
Original Local Tax Rate	<u>148.6300%</u>	Pay 2019
Estimated Annual Tax Increment	\$209,190	
Percent Retained by the City	100%	

Note: Tax capacity includes a 2.0% inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 25. The tax capacity of the District in year one is estimated to be \$47,500.

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.

Sources of Revenue/Bonds to be Issued

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

SOURCES	
Tax Increment	4,072,914
<u>Interest</u>	<u>407,291</u>
TOTAL	4,480,206

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The City reserves the right to incur bonds or other indebtedness as a result of the TIF Plan. As presently proposed, the projects within the District will be financed by pay-as-you-go notes and interfund loans. Any refunding amounts will be deemed a budgeted cost without a formal TIF Plan Modification. This provision does not obligate the City to incur debt. The City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The City may issue bonds (as defined in the TIF Act) secured in whole or in part with tax increments from the District in a maximum principal amount of \$2,589,329. 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 facilitate the development of two 36-unit apartments. The City has determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described.

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

USES	
Land/Building Acquisition	375,000
Site Improvements/Preparation	875,000
Affordable Housing	
Utilities	875,000
Other Qualifying Improvements	57,038
Administrative Costs (up to 10%)	407,291
PROJECT AND INTEREST COSTS TOTAL	2,589,329
<u>Interest</u>	<u>1,890,876</u>
PROJECT AND INTEREST COSTS TOTAL	4,480,206

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

Estimated costs associated with the District are subject to change among categories without a modification to this TIF Plan. The cost of all activities to be considered for tax increment financing will not exceed, without formal modification, the budget above pursuant to the applicable statutory requirements. The City may expend funds for qualified housing activities outside of the District boundaries.

Estimated Impact on Other Taxing Jurisdictions

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

Impact on Tax Base			
Entity	2018/Pay 2019 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) upon completion	Percent of CTC to Entity Total
Scott County	201,485,950	140,745	0.0699%
City of Belle Plaine	7,040,975	140,745	1.9989%
ISD No. 716	21,231,291	140,745	0.6629%

Impact on Tax Rates				
Entity	Pay 2019 Extension Rate	Percent of Total	CTC	Potential Taxes
Scott County	33.8412%	22.77%	140,745	47,630
City of Belle Plaine	78.6224%	52.90%	140,745	110,657
ISD No. 716	32.2740%	21.71%	140,745	45,424
Other	3.8924%	2.62%	140,745	5,478
Total	148.6300%	100.00%		209,190

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Pay 2019 rate. The total net capacity for the entities listed above are based on Pay 2019 figures. The District will be certified under the Pay 2020 rates, which were unavailable at the time this TIF Plan was prepared.

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

- (1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is \$4,072,917;
- (2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is expected. With any addition of new residents or businesses, police calls for service will be increased. New developments add an increase in traffic, and additional overall demands to the call load. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The probable impact of the District on fire protection is not expected to be significant. Typically, new buildings generate few calls, if any, and are of superior construction. The existing buildings, which will be eliminated by the new development, have public safety concerns that include several unprotected old buildings with issues such as access, hydrant locations, and converted structures. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The impact of the District on public infrastructure is expected to be minimal. The development is not expected to significantly impact any 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 no additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks. The development in the District is expected to pay for any sanitary sewer (SAC) and water (WAC) connection fees.

The probable impact of any District general obligation tax increment bonds on the ability to issue debt for general fund purposes is expected to be minimal. It is not anticipated that there will be any general obligation debt issued in relation to this project, therefore there will be no impact on the City's ability to issue future debt or on

the City's debt limit.

- (3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is \$884,406;
- (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 \$927,352;
- (5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S. Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

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

Supporting Documentation

Pursuant to *M.S. Section 469.175, Subd. 1 (a), clause 7* the TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S. Section 469.175, Subd. 3, clause (b)(2)* and the findings are required in the resolution approving the District.

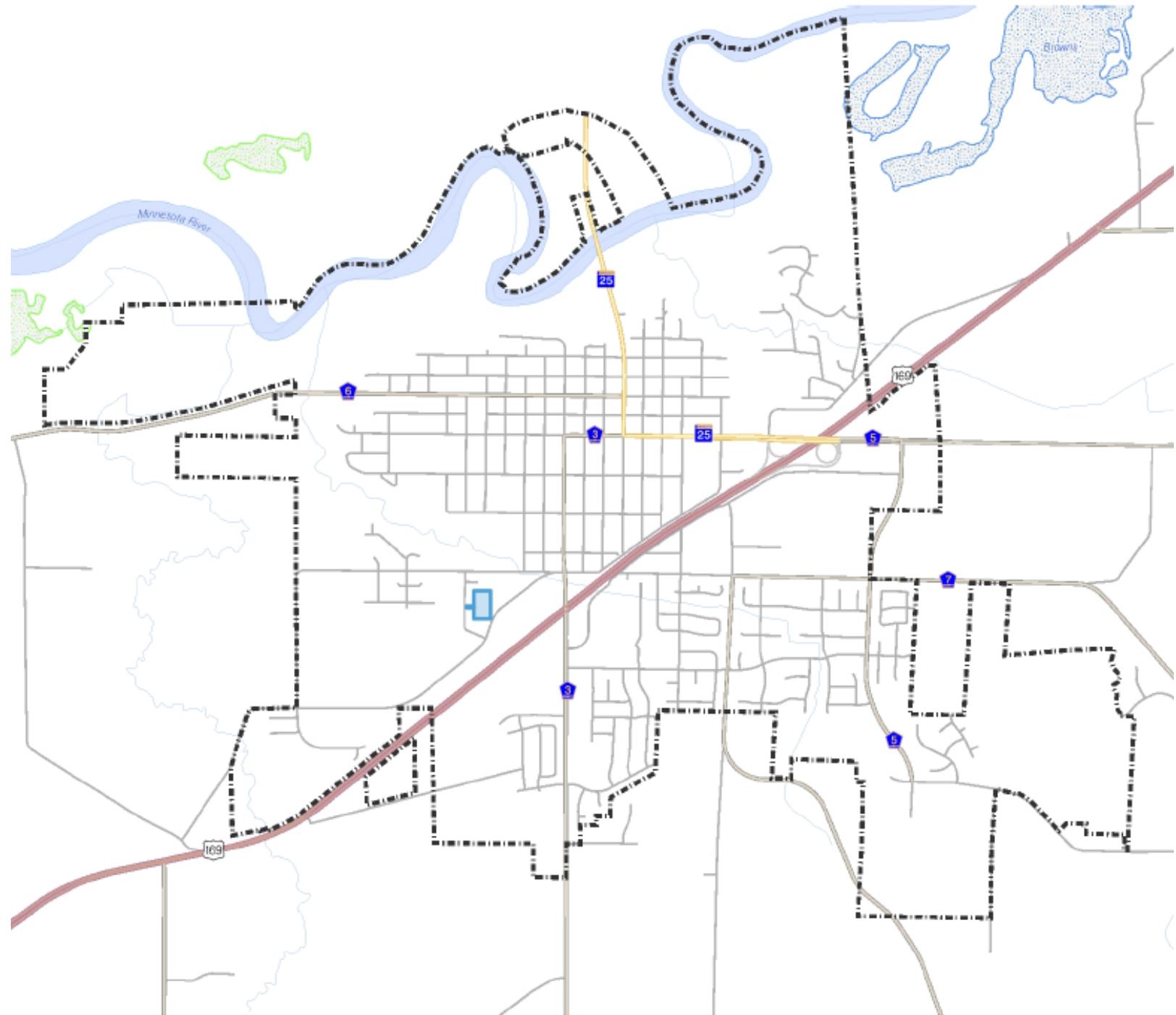
- (i) In making said determination, reliance has been placed upon (1) written representation made by the developer to such effects, (2) review of the developer's proforma; and (3) City staff awareness of the feasibility of developing the project site within the District, which is further outlined in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

Administration of the District

Administration of the District will be handled by the City Administrator, Finance Director, and Community Development Director.

Appendix A: Map of Municipal Development District No. 3 and the TIF District

City of Belle Plaine
Scott County, Minnesota
Municipal Development District No. 1
Tax Increment Financing District 1-1



Appendix B: Estimated Cash Flow for the District



Schrom Housing Development - Proposed TIF District (20/50 Income Limits)

561 Elk Street South, Belle Plaine, Minnesota (TSB Construction)

(2) 3-Story/36-Unit Multifamily Residential Rental Apartment Buildings (Phase 1 and 2)

ASSUMPTIONS AND RATES

DistrictType:	Housing
District Name/Number:	TBD
County District #:	TBD
First Year Construction or Inflation on Value	2019
Existing District - Specify No. Years Remaining	
Inflation Rate - Every Year:	2.00%
Interest Rate:	5.00%
Present Value Date:	1-Feb-20
First Period Ending	1-Aug-20
Tax Year District was Certified:	Pay 2020
Cashflow Assumes First Tax Increment For Developmen	2021
Years of Tax Increment	26
Assumes Last Year of Tax Increment	2046
Fiscal Disparities Election [Outside (A), Inside (B), or N/	NA
Incremental or Total Fiscal Disparities	NA
Fiscal Disparities Contribution Ratio	NA
Fiscal Disparities Metro-Wide Tax Rate	NA
Maximum/Frozen Local Tax Rate:	148.630% Pay 2019
Current Local Tax Rate: (Use lesser of Current or Max.)	148.630% Pay 2019
State-wide Tax Rate (Comm./Ind. only used for total tax)	42.4160% Pay 2019
Market Value Tax Rate (Used for total taxes)	0.08434% Pay 2019

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 \$150,000		0.75%
Over \$150,000		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	200790120	Matthew's	561 Elk St S	231,000	0	231,000	100%	231,000	Pay 2020		-	Rental	2,888	1
				231,000	0	231,000		231,000			0		2,888	

Note:

1. Base values are for pay 2020 based upon review of County website on August 7, 2019.



Schrom Housing Development - Proposed TIF District (20/50 Income Limits)

561 Elk Street South, Belle Plaine, Minnesota (TSB Construction)
 (2) 3-Story/36-Unit Multifamily Residential Rental Apartment Buildings (Phase 1 and 2)

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 2019	Percentage Completed 2020	Percentage Completed 2021	Percentage Completed 2022	First Year Full Taxes Payable
1	Apartments	105,556	105,556	36	3,800,016	Rental	47,500	1,319	100%	100%	100%	100%	2021
2	Apartments	94,444	94,444	36	3,399,984	Rental	42,500	1,181	0%	0%	0%	100%	2024
TOTAL					7,200,000		90,000						
Subtotal Residential				72	7,200,000		90,000						
Subtotal Commercial/Ind.				0	0		0						

Note:

1. Market values are based upon estimates from county assessor on December 31, 2018.

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	47,500	0	47,500	70,600	0	0	3,205	73,804	2,050.12
Apartments	42,500	0	42,500	63,167	0	0	2,868	66,035	1,834.31
TOTAL	90,000	0	90,000	133,767	0	0	6,072	139,839	

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	139,839
less State-wide Taxes	0
less Fiscal Disp. Adj.	0
less Market Value Taxes	(6,072)
less Base Value Taxes	(4,292)
Annual Gross TIF	129,475

Appendix C: Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for Tax Increment Financing District No. 3-1, as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. *Finding that Tax Increment Financing District No.3-1 is a housing district as defined in M.S., Section 469.174, Subd. 11.*

TIF District No. 3-1 consists of one parcel. The development will consist of approximately 72 apartment units. A portion of the housing units will receive tax increment assistance and will meet income restrictions described in *M.S. 469.1761*. At least 20 percent of the units receiving assistance will have incomes at or below 50 percent of statewide median income.

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, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future: This finding is supported by the fact that the development proposed in this plan contains affordable, workforce housing units that meet the City's objectives for development. The cost of site improvements and construction makes this housing development infeasible without City assistance. The cost of construction is the same for workforce housing units as they are for market rate projects. The decreased rental income from the affordable units, means there is less cash flow available to service the operating and debt expenses for the project. The leaves a gap in funding for the project. The need to offset this reduction in rents for the workforce housing units makes this housing development feasible only through assistance, in part, from tax increment financing. The developer was asked for and provided a letter and a pro forma as justification that the project would not have gone forward without 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 costs of site improvements and construction of affordable housing add to the total development cost. Historically, the costs of site improvements, as well as high market rate rents in the City have made development of affordable housing infeasible without tax increment assistance. Although other projects could potentially be proposed, the City reasonably determines that no other redevelopment of similar scope providing the desired affordability can be anticipated on this site without substantially similar assistance being provided to the development.

3. *Finding that the TIF Plan for Tax Increment Financing District No. 3-1 conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The Planning Commission will review the Plan on August 12 and must find that the TIF Plan conforms to the general development plan of the City. The TIF Plan must be

consistent with amendments approved by the City Council to the Comprehensive Guide Plan and zoning.

4. *Finding that the TIF Plan for Tax Increment Financing District No. 3-1 will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Municipal Development District No. 3 by private enterprise.*

The project to be assisted by the District is expected to result in diversified housing opportunities and increased employment and increased tax base in the City and the State of Minnesota, and the addition of a high-quality development to the City.

**PLANNING AND ZONING COMMISSION OF THE
CITY OF BELLE PLAINE, MINNESOTA**

RESOLUTION PZ-19-023

**RESOLUTION FINDING THE DEVELOPMENT PLAN FOR MUNICIPAL
DEVELOPMENT DISTRICT NO. 3 AND THE TAX INCREMENT FINANCING
PLAN FOR TAX INCREMENT FINANCING DISTRICT NO. 3-1 LOCATED
THEREIN CONSISTENT WITH THE GENERAL PLAN FOR DEVELOPMENT
OF THE CITY OF BELLE PLAINE**

WHEREAS, the City Council of the City of Belle Plaine, Minnesota (the “City”) has authorized the preparation of a development plan (the “Development Plan”) for the proposed Municipal Development District No. 3 to be located in the City (the “Development District”); and

WHEREAS, the City Council of the City has also authorized the preparation of a tax increment financing plan (the “TIF Plan”) for the proposed Tax Increment Financing District No. 3-1 (the “TIF District”), a housing district, to be located within the proposed Development District; and

WHEREAS, the Development Plan and the TIF Plan have been submitted to the Planning and Zoning Commission of the City (the “Planning Commission”) for review and comment; and

WHEREAS, the Board of the Planning Commission has reviewed the Development Plan and the TIF Plan and has compared the plans with the general plan for development of the City as a whole.

NOW, THEREFORE, BE IT RESOLVED BY THE PLANNING AND ZONING COMMISSION OF THE CITY OF BELLE PLAINE, SCOTT COUNTY, MINNESOTA, THAT:

1. The Development Plan for the Development District and the TIF Plan for the TIF District are found to conform to the general plan for the development of the City as a whole.
2. City staff are authorized and directed to provide a copy of this resolution to the City Council of the City as the Planning Commission’s written comment regarding the Development Plan and the TIF Plan.

The adoption of the foregoing resolution was duly moved by Commissioner _____, and seconded by Commissioner _____, and after full discussion thereof and upon a vote being taken thereon, the following Commissioners voted in favor thereof: _____

and the following voted against the same: _____

Whereupon said resolution was declared duly passed and adopted. Dated this 12th day of August, 2019.

Ashley Cauley
Chairperson

Cynthia Smith Strack
Community Development Director