

**Redevelopment Plan  
for  
8<sup>th</sup> Street Redevelopment  
Housing Project  
and  
Tax Increment Financing Plan  
for  
Tax Increment Financing  
(Housing) District No. 29  
(8<sup>th</sup> Street Redevelopment  
Housing Project)**

**Moorhead Economic Development Authority**

**City of Moorhead, Minnesota**

Prepared by  
Baker Tilly Municipal Advisors, LLC

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### SECTION II –

#### TAX INCREMENT FINANCING PLAN FOR TAX INCREMENT FINANCING (HOUSING) DISTRICT NO. 29 (8<sup>TH</sup> STREET REDEVELOPMENT HOUSING PROJECT)

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SECTION I – REDEVELOPMENT PLAN  
FOR 8<sup>TH</sup> STREET REDEVELOPMENT HOUSING REDEVELOPMENT PROJECT

**Section A Definitions**

The terms defined in this section have the meanings given herein, unless the context in which they are used indicates a different meaning:

"Authority" means the Moorhead Economic Development Authority, established pursuant to the Enabling Act and City Resolution No. 86-677, as amended.

"City" means the City of Moorhead, Minnesota; also referred to as a "Municipality".

"City Council" means the City Council of the City; also referred to as the "Governing Body".

"County" means Clay County, Minnesota.

"Enabling Act" means (1) Laws of Minnesota for 1986, Chapter 341 (2) the Minnesota Municipal Housing and Redevelopment Act, as previously codified in Minnesota Statutes, Sections 462.411 et seq., and as now codified in Minnesota Statutes, Sections 469.001 through 469.047, (3) the Minnesota Port Authorities Law, as previously codified in Minnesota Statutes, Chapter 458, and as now codified in Minnesota Statutes, Sections 469.048 through 469.068, and (4) the home rule charter of the City, as ass they may be amended or supplemented.

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

"Project Area" means the geographic area of the Redevelopment Project.

"Public Costs" means the costs of land acquisition, public improvements and site improvements, repayment of debt service on tax increment bonds, and other eligible costs as set forth in the Redevelopment Plan and TIF Plan(s).

"Redevelopment Plan" means the Redevelopment Plan for the Redevelopment Project.

"Redevelopment Project" means the Redevelopment Project which is described in the Redevelopment Plan (this document).

"State" means the State of Minnesota.

"TIF Act" means Minnesota Statutes sections 469.174 through 469.1794, inclusive, as amended.

"TIF District" means Tax Increment Financing (Housing) District (8<sup>th</sup> Street Redevelopment Housing Project), a Housing district.

"TIF Plan" means the tax increment financing plan for the TIF District (this document).

## **Section B Statutory Authorization**

Pursuant to the Enabling Act, the City was granted the same powers as a port authority under Minnesota Statutes, Chapter 458, as well as the powers of a municipal housing and redevelopment authority established under Minnesota Statutes, Chapter 462, and the powers granted to a governmental subdivision under Minnesota Statutes, Chapter 472.

Under the Enabling Act, the Authority will undertake activities in furtherance of the Redevelopment Project and the redevelopment of the Project Area.

It is the intention of the Authority, notwithstanding the enumeration of specific goals and objectives in the Redevelopment Plan, that the Authority shall have and enjoy with respect to the Redevelopment Project the full range of powers and duties conferred upon the Authority pursuant to the Enabling Act, the Tax Increment Act, port authority laws, municipal housing and redevelopment authority laws, and such other legal authority as the Authority may have or enjoy from time to time.

## **Section C Statement of Need and Public Purpose**

The Authority finds that there is a need for development within the City and the Project Area in order to provide employment and housing opportunities, to improve the local tax base, and to improve the general economy of the City and the State. The economic security of the people in the City depends upon proper development of property that meets any one of a number of conditions, including properties whose values are too low to pay for the public services required or rendered and properties whose lack of use or improper use has resulted in stagnant or unproductive land that could otherwise contribute to the public health, safety, and welfare.

The Authority finds that in many cases such property cannot be developed without public participation and assistance in various forms including property acquisition and/or write-down, proper planning, the financing of development costs associated with clearance, grading and soils correction, and the making of various other public and private improvements necessary for development. In cases where the development of property cannot be done by private enterprise alone, the Authority believes it to be in the public interest to consider the exercise of its powers, to advance and spend public money, and to provide the means and impetus for such development.

The Authority finds that in certain cases property within the Project Area would or may not be available for development without the specific financial aid to be sought, that the Redevelopment Plan will afford maximum opportunity, consistent with the needs of the City as a whole, for the development of the Project Area by private enterprise, and that the Redevelopment Plan conforms to the general plan for the development of the City as a whole.

## **Section D Statement of Objectives**

The Authority seeks to achieve one or more of the following objectives with respect to the Project Area, as the Authority may deem appropriate and necessary.

- (1) To promote and secure the prompt development of property within the Project Area, such property which is not now in its most productive use, in a manner consistent with the Comprehensive Plan, thus realizing Comprehensive Plan, land use, and tax base goals.

- (2) To assist development in the Project Area through the acquisition or write-down of certain interests in property which is not now in productive use or in its highest and best use, to make or defray the cost of site improvements on said property, and to construct or reimburse for the construction of public improvements and other facilities on or for the benefit of said property, thereby promoting and securing the development of other land within the Project Area.
- (3) To secure the increase and availability of rental housing property for individuals and families of low to moderate income within the Project Area.
- (4) To promote and secure additional employment opportunities within the City and to prevent the loss of existing employment opportunities, thereby preventing the loss of valuable human resources.
- (6) To provide funding for an ongoing development strategy and to prioritize the use of available resources.
- (7) To implement and revise from time to time, as may be deemed necessary or desirable, a consolidated and unified Redevelopment Plan and to finance the associated development costs on an area-wide basis.
- (8) To employ any of the powers of the Authority for the benefit of the Project Area in such cases and upon such terms as the Authority may deem appropriate.

**Section E Boundaries of the Project Area**

The property within the City which constitutes the Project Area includes the property as illustrated on the map attached as Exhibit I and described as follows:

<b>Parcel Number</b>	<b>Legal Description</b>
58.161.0010	ALL OF BLOCK 1 & VAC STS & RDSPT OF BLK 1 COMSTOCKS 4TH BEG AT NE COR OF COMSTOCKS 4TH; S697.27', W322.35', N143.55', W177.65', N101.41', E110.63', N142.43', E29.37', N131.46' & E400.95' TO POB
58.161.0030	PT OF BLK 1 COMSTOCKS 4TH BEG 60' N OF SW COR OF COMSTOCKS 4TH; N143.55', E177.65', S143.55' & W177.65' TO POB
58.161.0040	PT OF BLK 1 COMSTOCKS 4TH ADD BEG AT NW COR OF COMSTOCKS 4TH; NE155.92', S131.46', W29.37', S142.43', W110.63' & N204.50' TO POB
58.163.0060	Block 002 Lot 004 SubdivisionCd 58163 SubdivisionName COMSTOCKS 6TH ADDITION

The area encompassed by the Project Area shall also include all street or utility right-of-ways located upon or adjacent to the property described above, as illustrated in the boundary map included in Exhibit I.

The City and the Authority reserve the right to expand the boundaries of the Project Area in the future.

**Section F Property Acquisition**

The Authority may acquire property, or appropriate interest therein, within the Project Area as it deems necessary or desirable to assist in the implementation of the Redevelopment Plan. The Authority does not plan to currently acquire any property in the Project Area.

**Section G Payment of Public Costs**

It is anticipated that the Public Costs of the Project Area will be paid primarily from tax increments or proceeds of tax increment bonds. Such costs are identified in the TIF Plan(s) for the corresponding TIF District(s) located within the Project Area. The Authority reserves the right to use other sources of revenue legally available to pay for such Public Costs including, but not limited to, special assessments, federal or state funds, and investment income.

**Section H Environmental Controls; Land Use Regulations**

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

**Section I Park and Open Space to be Created**

Any park and open space created within the Project Area will be done so in accordance with the zoning and platting ordinances of the City.

**Section J Property Acquisition and Proposed Reuse**

The Authority does not currently plan to acquire any property within the Project Area. Prior to formal consideration of acquisition of any property, the Board of Commissioners 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. Appropriate restrictions regarding the reuse and redevelopment of property shall be incorporated into any development agreement to which the Authority is a party.

**Section K Administration and Maintenance**

Maintenance and operation of the Project Area will be the responsibility of the Executive Director who shall serve as administrator of the Project Area. Each year the Administrator will submit to the City the maintenance and operation budget for the following year.

The Administrator will administer the Redevelopment Plan pursuant to the provisions of the HRA Act; provided, however, that such powers may only be exercised at the direction of the Governing Body. No action taken by the Administrator pursuant to the above-mentioned powers shall be effective without authorization by the Board of Commissioners.

**Section L Relocation**

Any person or business that is displaced as a result of the Redevelopment Plan will be relocated in accordance with the provisions of the HRA Act and other applicable state and federal law.

**Section M Amendments**

The Authority reserves the right to alter and amend the Redevelopment Plan subject to the provisions of state law regulating such action.

SECTION II –

TAX INCREMENT FINANCING PLAN FOR TAX INCREMENT FINANCING (HOUSING)  
DISTRICT NO. 29  
(8<sup>TH</sup> STREET REDEVELOPMENT HOUSING PROJECT)

**Section A Definitions**

See Section A of Redevelopment Plan for 8<sup>th</sup> Street Redevelopment Housing Project Plan.

**Section B Overview**

The Authority will adopt the Redevelopment Plan. The purpose of the Plan is to establish a framework and implementation plan for redevelopment of the area comprising the Project Area.

The establishment of the TIF District as set forth in this TIF Plan is for the purpose of the implementation of the objectives set forth in the Redevelopment Plan attached herein as Exhibit V.

**Section C Statutory Authorization**

See Section C of Redevelopment Plan for 8<sup>th</sup> Street Redevelopment Housing Project Plan.

**Section D Statement of Need and Public Purpose**

See Section D of Redevelopment Plan for 8<sup>th</sup> Street Redevelopment Housing Project Plan.

**Section E Statement of Objectives**

See Section E of Redevelopment Plan for 8<sup>th</sup> Street Redevelopment Housing Project Plan.

**Section F Designation of the TIF District as a Housing District**

Pursuant to the TIF Act, the City seeks to create the Housing TIF District and adopt a TIF Plan for the TIF District. The City will review the TIF Plan prior to City adoption. The TIF District is a housing district.

Housing districts are a type of tax increment financing district that consist of a project intended for occupancy, in part, by persons or families of low and moderate income. Low and moderate income is defined in federal, state, and municipal legislation. A project does not qualify if more than 20% of the square footage of buildings that receive assistance from tax increments consist of commercial, retail or other nonresidential use.

In addition, housing districts are subject to various income limitations and requirements for residential property. For owner occupied residential property, 95% of the housing units must be initially purchased and occupied by individuals whose family income is less than or equal to the income requirements for qualified mortgage bond projects under section 143(f) of the Internal Revenue Code. For residential rental property, the property must satisfy the income requirements for a qualified residential rental project as defined in section 142(d) of the Internal Revenue Code.

The TIF District meets the above qualifications for these reasons:

1. The planned improvements consist of the following:
  - a. Approximately 127 total units, for which one of the following will apply:
    - o 20% of the dwelling units shall be available for rent by persons whose incomes do not exceed 50% of areawide median family income, as adjusted for family size, and based on annual HUD guidelines or
    - o 40% of the dwelling units shall be available for rent by persons whose incomes do not exceed 60% of areawide median family income, as adjusted for family size, and based on annual HUD guidelines
2. At least 80% of the buildings that receive tax increment assistance will be used for residential purposes.

Tax increments derived from a housing district must be used solely to finance the cost of housing projects as defined in section 469.174, subd. 11 and 469.176, subd. 4d of the TIF Act. The cost of public improvements directly related to the housing projects and the allocated administrative expenses of the Authority may be included in the cost of a housing project. The City anticipates using tax increment revenues to finance the costs of acquisition and construction of affordable housing within the TIF District.

## **Section G Duration of the TIF District**

Housing districts may remain in existence 25 years from the date of receipt of the first tax increment. Modifications of this plan (see Section AA) shall not extend beyond these limitations.

Pursuant to Minnesota Statutes section 469.175, subd. 1(b), the Authority specifies 2023 as the first year in which it elects to receive tax increment from the TIF District, which is no later than four years following the year of approval of the TIF District. Thus, the Authority may collect increment from the TIF District through December 31, 2048 and anticipates that the TIF District may be active for the maximum duration allowed. However, the Authority will decertify the TIF District as early as possible should the projected increment be received in a shorter time period than originally projected. All tax increments from taxes payable in the year the TIF District is decertified shall be paid to the Authority.

**Section H Property to be Included in the TIF District**

The TIF District comprises one parcel on approximately \_\_\_\_\_ acres. A map showing the location of the TIF District is shown in Exhibit I. The boundaries and area encompassed by the TIF District are described below:

<b>Parcel Number</b>	<b>Legal Description *</b>
58.163.0060	Block 002 Lot 004 SubdivisionCd 58163 SubdivisionName COMSTOCKS 6TH ADDITION

*\* we anticipate an adjustment to the boundaries of the district and the corresponding legal description included above based on the final project site plan. A portion of parcel 58.161.0010 may also be included within the boundaries.*

The area encompassed by the TIF District shall also include all street or utility right-of-ways located upon or adjacent to the property described above, as illustrated in the boundary map included in Exhibit I.

**Section I Property to be Acquired in the TIF District**

The City and Authority may acquire and sell any or all of the property located within the TIF District; however, the City and Authority does not anticipate acquiring any such property at this time.

**Section J Specific Development Expected to Occur Within the TIF District**

The proposed project is anticipated to include the development of an approximate 127-unit multi-family project, of which a portion of the units will be comprised of affordable housing units. The project will also include underground parking and surface spaces. There are significant costs and infrastructure improvements necessary for the development to occur. In order to qualify as a housing district, at least 20% of the units will be occupied by persons or families at 50% of the area median income. The City anticipates that tax increment revenues will be used to finance eligible costs associated with development of the project site including acquisition, site development, infrastructure and utilities and other affordable housing costs as well as related administrative expenses.

The project is expected to start construction in 2021 and be 100% complete as of January 2, 2022 for taxes payable 2023.

**Section K Findings and Need for Tax Increment Financing**

In establishing the TIF District, the City makes the following findings:

- (1) The TIF District qualifies as a housing district.  
  
See Section F of this document for the reasons and facts supporting this finding.
- (2) The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future.

The proposed development is expected to consist of the construction of approximately 127 total apartment units. The City's finding that the proposed development would be unlikely to occur solely through private investment within the reasonably foreseeable future is based on an analysis of the project pro forma and other financial materials submitted to the City by the developer. These documents have indicated that the high costs of acquiring the entire project site, required redevelopment and construction of the apartment units with underground parking, in addition to future reductions in annual revenues due to the lower rents associated with providing long-term affordable housing units will result in returns that are not sufficient to support development, thereby making this housing development infeasible without public assistance. Therefore, the developer has indicated in communications with the City and submitted financial data that the development as proposed would not move forward without tax increment assistance.

- (3) The TIF Plan conforms to the general plan for development or redevelopment of the City as a whole.

The reasons and facts supporting this finding are that the Planning Commission of the City has found the TIF Plan consistent with the general plan for development of the City as a whole and will generally complement and serve to implement policies adopted in the City's comprehensive plan.

- (4) The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of the Project Area by private enterprise.

Through the implementation of the TIF Plan, the City will provide an impetus for the construction of an apartment project, of which a portion will be affordable for occupants at or less than 50-60% median income. The project will complement the overall housing needs of the City and helps support other private types of development by providing a range of housing opportunities for residents and workers within the City.

**Section L Estimated Public Costs**

The estimated public costs of the TIF District are listed below. Such costs are eligible for reimbursement from tax increments of the TIF District.

Estimated Project Costs	
Land/Building acquisition	1,000,000
Site Improvements/Preparation costs	0
Utilities	0
Other public improvements	0
Construction of Affordable Housing	4,475,036
Administrative expenses	608,339
Estimated Tax Increment Project Costs	6,083,375
Estimated Financing Costs	
Interest Payments	0
<b>Total Estimated Project/Financing Costs to be Paid from Tax Increment</b>	<b>6,083,375</b>

The Authority anticipates using tax increment to the extent available to finance affordable housing costs primarily including acquisition, construction of affordable housing, infrastructure improvements and related administrative expenses, as well as any other TIF-eligible expenditures as deemed necessary and related to redevelopment of the Project Area.

The Authority reserves the right to administratively adjust the amount of any of the items listed above or to incorporate additional eligible items, so long as the total estimated public cost (\$6,083,375) is not increased. The Authority also reserves the right to fund any of the identified costs with any other legally available revenues, such as grants and/or loans, but anticipates that such costs will be primarily financed with tax increments.

**Section M Estimated Sources of Revenue**

Tax Increment revenue	6,083,375
Interest on invested funds	0
Land Sale Proceeds	0
Other	0
Total	6,083,375

The Authority anticipates providing financial assistance to the development as reimbursement through the pay-as-you-go method. As tax increments are collected from the TIF District in future years, a portion of these taxes will be used by the Authority to reimburse the developer/owner for public costs incurred (see Section L).

The Authority reserves the right to finance any or all public costs of the TIF District using pay-as-you-go assistance, internal funding, general obligation or revenue debt, or any other financing mechanism authorized by law. The Authority also reserves the right to use other sources of revenue legally applicable to the Project Area to pay for such costs including, but not limited to, special assessments, utility revenues, federal or state funds, and investment income.

**Section N Estimated Amount of Bonded Indebtedness**

The maximum principal amount of bonds (as defined in the TIF Act) secured in whole or part with tax increment from the TIF District is \$6,083,375. The Authority currently plans to provide reimbursement financing to assist with acquisition and affordable housing construction costs. The Authority reserves the right to issue bonds in any form, including without limitation any interfund loan with interest not to exceed the maximum permitted under Section 469.178, subd. 7 of the TIF Act.

**Section O Original Net Tax Capacity**

The County Auditor shall certify the original net tax capacity of the TIF District. This value will be equal to the total net tax capacity of all property in the TIF District as certified by the State Commissioner of Revenue. For districts certified between January 1 and June 30, inclusive, this value is based on the previous assessment year. For districts certified between July 1 and December 31, inclusive, this value is based on the current assessment year.

The Estimated Market Value of all property within the TIF District as of January 2, 2020, for taxes payable in 2021, is \$1,104,100 (parcel id 58.163.0060 and portion of 58.161.0010 – to be determined with final project site plan). Upon establishment of the TIF District and subsequent

reclassification of property, the estimated original net tax capacity of the TIF District is expected to be \$13,801. This assumes the property is classified as residential rental.

Each year the County Auditor shall certify the amount that the original net tax capacity has increased or decreased as a result of:

- (1) changes in the tax-exempt status of property;
- (2) reductions or enlargements of the geographic area of the TIF District;
- (3) changes due to stipulation agreements or abatements; or
- (4) changes in property classification rates.

**Section P Original Tax Capacity Rate**

The County Auditor shall also certify the original tax capacity rate of the TIF District. This rate shall be the sum of all local tax rates that apply to property in the TIF District. This rate shall be for the same taxes payable year as the original net tax capacity.

In future years, the amount of tax increment generated by the TIF District will be calculated using the lesser of (a) the sum of the current local tax rates at that time or (b) the original tax capacity rate of the TIF District.

The sum of all local tax rates that apply to property in the TIF District, for taxes levied in 2020 and payable in 2021, is not available at the time of drafting of this document. The County Auditor shall certify the amount for taxes payable 2021 as the original tax capacity rate of the TIF District once available. For purposes of estimating the tax increment generated by the TIF District, the sum of the local tax rates for taxes levied in 2019 and payable in 2020, is 133.885% as shown below.

<u>Taxing Jurisdiction</u>	<u>2019/2020 Local Tax Rate</u>
City of Moorhead	44.862%
Clay County	50.390%
ISD #152	35.151%
Other	<u>3.482%</u>
Total	133.885%

**Section Q Projected Retained Captured Net Tax Capacity and Projected Tax Increment**

Each year the County Auditor shall determine the current net tax capacity of all property in the TIF District. To the extent that this total exceeds the original net tax capacity, the difference shall be known as the captured net tax capacity of the TIF District.

The County Auditor shall certify to the City the amount of captured net tax capacity each year. The City may choose to retain any or all of this amount. It is the City's intention to retain 100% of the captured net tax capacity of the TIF District. Such amount shall be known as the retained captured net tax capacity of the TIF District.

Exhibit II gives a listing of the various information and assumptions used in preparing a number of the exhibits contained in this TIF Plan, including Exhibit III which shows the projected tax increment generated over the anticipated life of the TIF District.

## **Section R Use of Tax Increment**

Each year the County Treasurer shall deduct 0.36% of the annual tax increment generated by the TIF District and pay such amount to the State's General Fund. Such amounts will be appropriated to the State Auditor for the cost of financial reporting and auditing of tax increment financing information throughout the state. Exhibit III shows the projected deduction for this purpose over the anticipated life of the TIF District.

The City has determined that it will use 100% of the remaining tax increment generated by the TIF District for any of the following purposes:

- (1) Pay for the estimated public costs of the TIF District (see Section L) and County administrative costs associated with the TIF District (see Section U);
- (2) pay principal and interest on one or more pay-as-you-go notes, tax increment bonds or other bonds issued to finance the estimated public costs of the TIF District;
- (3) accumulate a reserve securing the payment of tax increment bonds or other bonds issued to finance the estimated public costs of the TIF District;
- (4) pay all or a portion of the county road costs as may be required by the County Board under Minnesota Statutes section 469.175, Subd.1a; or
- (5) return excess tax increments to the County Auditor for redistribution to the City, County and School District.

Tax increments from property located in one county must be expended for the direct and primary benefit of a project located within that county, unless the county board involved waives this requirement. Tax increments shall not be used to circumvent levy limitations applicable to the City.

Tax increment derived from the TIF District must be used solely to finance the cost of housing projects (including administrative expenses and public improvement costs) as defined in Section 469.174, Subdivision 11 of the TIF Act and subject to the requirements set forth in Section 469.1761 of the TIF Act.

Tax increment shall not be used to finance the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the State or federal government. Further, tax increments may not be used to finance: a commons area used as a public park; facilities used for social or recreational purposes (whether public or private); or publicly-owned facilities used for conference purposes; provided that tax increment may be used for a privately owned conference facility, and for parking structures whether public or privately owned and whether or not they are ancillary to one of the otherwise prohibited uses described above.

If there exists any type of agreement or arrangement providing for the developer, or other beneficiary of assistance, to repay all or a portion of the assistance that was paid or financed with tax increments, such payments shall be subject to all of the restrictions imposed on the use of tax increments. Assistance includes sale of property at less than the cost of acquisition or fair

market value, grants, ground or other leases at less than fair market rent, interest rate subsidies, utility service connections, roads, or other similar assistance that would otherwise be paid for by the developer or beneficiary.

### **Section S Excess Tax Increment**

Beginning with the sixth year after certification of the TIF District, any year in which the tax increments from the TIF District exceed the amount necessary to pay the estimated public costs authorized by the TIF Plan, the City shall use the excess tax increments to:

- (1) prepay any outstanding tax increment bonds;
- (2) discharge the pledge of tax increments thereof;
- (3) pay amounts into an escrow account dedicated to the payment of the tax increment bonds; or
- (4) return excess tax increments to the County Auditor for redistribution to the City, County and School District. The County Auditor must report to the Commissioner of Education the amount of any excess tax increment redistributed to the School District within 30 days of such redistribution.

### **Section T Tax Increment Pooling and the Five-Year Rule**

As permitted under Minnesota Statutes section 469.1763, subd. 2(b) and subd. 3(a)(5), any expenditures of increment from the TIF District to pay the cost of a “housing project” as defined in Minnesota Statutes section 469.174, subd. 11 will be treated as an expenditure within the district for the purposes of the “pooling rules” and the “five-year rule”. The City anticipates that tax increments will be spent outside the TIF District (including allowable administrative expenses), and such expenditures are expressly authorized in this TIF Plan.

The Authority anticipates that there may be allowable pooling expenditures made outside of the TIF District, and such expenditures are expressly authorized in this TIF Plan.

### **Section U Limitation on Administrative Expenses**

Administrative expenses are defined as all costs of the Authority other than:

- (1) amounts paid for the purchase of land;
- (2) amounts paid for materials and services, including architectural and engineering services directly connected with the proposed development within the TIF District;
- (3) relocation benefits paid to, or services provided for, persons or businesses residing or located within the TIF District; or
- (4) amounts used to pay interest on, fund a reserve for, or sell at a discount, tax increment bonds.

Administrative expenses include amounts paid for services provided by bond and other legal counsel, fiscal consultants, planning or economic development consultants, and actual costs incurred by the County in administering the TIF District. Tax increments may be used to pay

administrative expenses of the TIF District up to the lesser of (a) 10% of the total tax increment expenditures authorized by the TIF Plan or (b) 10% of the total tax increments received by the TIF District.

#### **Section V     Limitation on Property Not Subject to Improvements - Four Year Rule**

If after four years from certification of the TIF District no demolition, rehabilitation, renovation, or qualified improvement of an adjacent street has commenced on a parcel located within the TIF District, then that parcel shall be excluded from the TIF District and the original net tax capacity shall be adjusted accordingly. Qualified improvements of a street are limited to construction or opening of a new street, relocation of a street, or substantial reconstruction or rebuilding of an existing street. The City must submit to the County Auditor, by February 1 of the fifth year, evidence that the required activity has taken place for each parcel in the TIF District.

If a parcel is excluded from the TIF District and the City or owner of the parcel subsequently commences any of the above activities, the City shall certify to the County Auditor that such activity has commenced and the parcel shall once again be included in the TIF District. The County Auditor shall certify the net tax capacity of the parcel, as most recently certified by the Commissioner of Revenue, and add such amount to the original net tax capacity of the TIF District.

#### **Section W     Estimated Impact on Other Taxing Jurisdictions**

Exhibit IV shows the estimated impact on other taxing jurisdictions if the maximum projected retained captured net tax capacity of the TIF District was hypothetically available to the other taxing jurisdictions. The City believes that there will be no adverse impact on other taxing jurisdictions during the life of the TIF District, since the proposed development would not have occurred without the establishment of the TIF District and the provision of public assistance. A positive impact on other taxing jurisdictions will occur when the TIF District is decertified and the development therein becomes part of the general tax base.

The fiscal and economic implications of the proposed tax increment financing district, as pursuant to Minnesota Statutes section 469.175, subd. 2, are listed below.

1. The total amount of tax increment that will be generated over the life of the district is estimated to be \$6,105,355.
2. To the extent the project in the TIF District generates any public cost impacts on city-provided services such as police and fire protection, public infrastructure, and the impact of any general obligation tax increment bonds attributable to the TIF District upon the ability to issue other debt for general fund purposes, such costs will be levied upon the taxable net tax capacity of the City, excluding that portion captured by the TIF District. The City anticipates using pay-as-you-go reimbursement financing, as necessary, to finance a portion of the project costs attributable to the TIF District. The City does not anticipate issuing bonds in conjunction with establishment of the TIF District.
3. The amount of tax increments over the life of the TIF District that would be attributable to school district levies, assuming the School District's share of the total local tax rate for all taxing jurisdictions remained the same, is estimated to be \$1,602,926.
4. The amount of tax increments over the life of the TIF District that would be attributable to county levies, assuming the County's share of the total local tax rate for all taxing jurisdictions remained the same is estimated to be \$2,297,855.

5. No additional information has been requested by the County or School District that would enable it to determine additional costs that will accrue to it due to the development proposed for the TIF District.

### **Section X Prior Planned Improvements**

The Authority shall accompany its request for certification to the County Auditor (or notice of district enlargement), with a listing of all properties within the TIF District for which building permits have been issued during the 18 months immediately preceding approval of the TIF Plan. The County Auditor shall increase the original net tax capacity of the TIF District by the net tax capacity of each improvement for which a building permit was issued.

There have been no building permits issued in the last 18 months in conjunction with any of the properties within the TIF District.

### **Section Y Development Agreements**

If within a project containing a housing district, more than 10% of the acreage of the property to be acquired by the Authority is purchased with tax increment bonds proceeds (to which tax increment from the property is pledged), then prior to such acquisition, the Authority must enter into an agreement for the development of the property. Such agreement must provide recourse for the Authority should the development not be completed.

The Authority anticipates entering into an agreement for development but does not currently anticipate acquiring any property located within the TIF District.

### **Section Z Assessment Agreements**

The Authority may, upon entering into a development agreement, also enter into an assessment agreement with any person, which establishes a minimum market value of the land and improvements for each year during the life of the TIF District.

The assessment agreement shall be presented to the County or City Assessor who shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land, and so long as the minimum market value contained in the assessment agreement appears to be an accurate estimate, shall certify the assessment agreement as reasonable. The assessment agreement shall be filed for record in the office of the County Recorder of each county where the property is located. Any modification or premature termination of this agreement must first be approved by the City, County and School District. The Authority does not anticipates entering into an assessment agreement with the developer.

### **Section AA Modifications of the Tax Increment Financing Plan**

Any reduction or enlargement in the geographic area of the Project Area or the TIF District; increase in the amount of bonded indebtedness to be incurred; increase in the amount of capitalized interest; increase in that portion of the captured net tax capacity to be retained by the City; increase in the total estimated capital and administrative costs; or designation of additional property to be acquired by the City shall be approved only after satisfying all the necessary requirements for approval of the original TIF Plan. This paragraph does not apply if:

- (1) the only modification is elimination of parcels from the TIF District; and
- (2) the current net tax capacity of the parcels eliminated equals or exceeds the net tax capacity of those parcels in the TIF District's original net tax capacity, or the City agrees that the TIF District's original net tax capacity will be reduced by no more than the current net tax capacity of the parcels eliminated.

The City must notify the County Auditor of any modification that reduces or enlarges the geographic area of the TIF District. The geographic area of the TIF District may be reduced but not enlarged after five years following the date of certification.

### **Section AB Administration of the Tax Increment Financing Plan**

Upon adoption of the TIF Plan, the City shall submit a copy of such plan to the Minnesota Department of Revenue and the Office of the State Auditor. The City shall also request that the County Auditor certify the original net tax capacity and net tax capacity rate of the TIF District. To assist the County Auditor in this process, the City shall submit copies of the TIF Plan, the resolution establishing the TIF District and adopting the TIF Plan, and a listing of any prior planned improvements. The City shall also send the County Assessor any assessment agreement establishing the minimum market value of land and improvements in the TIF District and shall request that the County Assessor review and certify this assessment agreement as reasonable.

The County shall distribute to the City the amount of tax increment as it becomes available. The amount of tax increment in any year represents the applicable property taxes generated by the retained captured net tax capacity of the TIF District. The amount of tax increment may change due to development anticipated by the TIF Plan, other development, inflation of property values, or changes in property classification rates or formulas. In administering and implementing the TIF Plan, the following actions should occur on an annual basis:

- (1) prior to July 1, the City shall notify the County Assessor of any new development that has occurred in the TIF District during the past year to ensure that the new value will be recorded in a timely manner.
- (2) if the County Auditor receives the request for certification of a new TIF District, or for modification of an existing TIF District, before July 1, the request shall be recognized in determining local tax rates for the current and subsequent levy years. Requests received on or after July 1 shall be used to determine local tax rates in subsequent years.
- (3) each year the County Auditor shall certify the amount of the original net tax capacity of the TIF District. The amount certified shall reflect any changes that occur as a result of the following:
  - (a) the value of property that changes from tax-exempt to taxable shall be added to the original net tax capacity of the TIF District. The reverse shall also apply;
  - (b) the original net tax capacity may be modified by any approved enlargement or reduction of the TIF District;
  - (c) if the TIF District is classified as an economic development district, then the original net tax capacity shall be increased by the amount of the annual adjustment factor; and

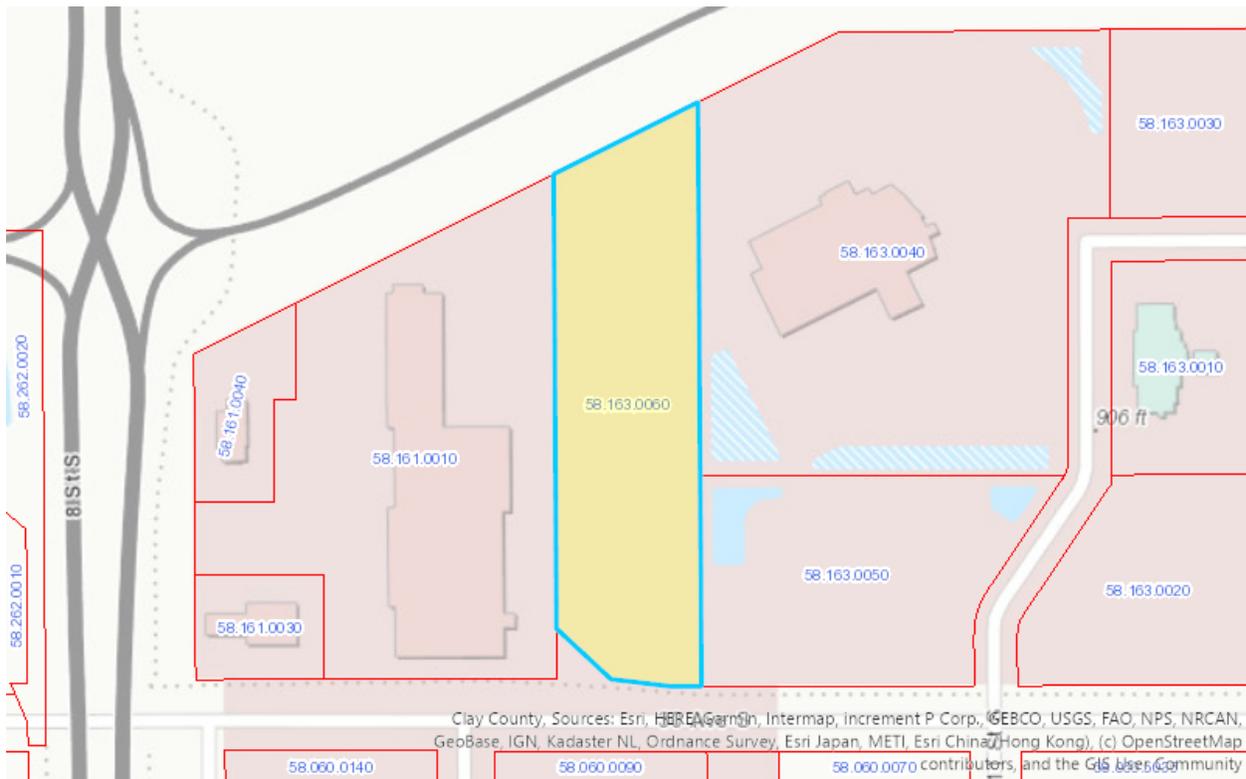
- (d) if laws governing the classification of real property cause changes to the percentage of estimated market value to be applied for property tax purposes, then the resulting increase or decrease in net tax capacity shall be applied proportionately to the original net tax capacity and the retained captured net tax capacity of the TIF District.

The County Auditor shall notify the City of all changes made to the original net tax capacity of the TIF District.

**Section AC Filing TIF Plan, Financial Reporting and Disclosure Requirements**

The City will comply with all reporting requirements for the TIF District under Minnesota Statutes section 469.175, subd. 5 and 6.

**MAP OF PROPOSED  
TAX INCREMENT FINANCING HOUSING DISTRICT**







**Projected Tax Increment Report - Housing TIF District with 2.65% Annual Inflatior**

**City of Moorhead, Minnesota  
 Tax Increment Financing (Housing) District  
 8th Street Redevelopment - Residential component only  
 Draft revenue projections based on new apartment construction value of \$10.707M**

Annual Period Ending (1)	Total Market Value <sup>(1)</sup> (2)	Total Net Tax Capacity <sup>(2)</sup> (3)	Less: Original Net Tax Capacity <sup>(3)</sup> (4)	Retained Captured Net Tax Capacity (6)	Times: Tax Capacity Rate <sup>(4)</sup> (7)	Annual Gross Tax Increment (8)	Less: State Aud. Deduction 0.360% (9)	Subtotal Net Tax Increment (10)	Less: Admin. Retainage 10.00% (11)	Annual Net Revenue (12)
12/31/21	1,104,100	13,801	13,801	0	133.885%	0	0	0	0	0
12/31/22	1,104,100	13,801	13,801	0	133.885%	0	0	0	0	0
12/31/23	10,707,300	133,841	13,801	120,040	133.885%	160,716	579	160,137	16,014	144,123
12/31/24	10,991,043	137,388	13,801	123,587	133.885%	165,465	596	164,869	16,487	148,382 *
12/31/25	11,282,306	141,029	13,801	127,228	133.885%	170,339	613	169,726	16,973	152,753
12/31/26	11,581,287	144,766	13,801	130,965	133.885%	175,343	631	174,712	17,471	157,241
12/31/27	11,888,191	148,602	13,801	134,801	133.885%	180,479	650	179,829	17,983	161,846
12/31/28	12,203,228	152,540	13,801	138,739	133.885%	185,751	669	185,082	18,508	166,574
12/31/29	12,526,614	156,583	13,801	142,781	133.885%	191,163	688	190,475	19,048	171,427
12/31/30	12,858,569	160,732	13,801	146,931	133.885%	196,719	708	196,011	19,601	176,410
12/31/31	13,199,321	164,992	13,801	151,190	133.885%	202,422	729	201,693	20,169	181,524
12/31/32	13,549,103	169,364	13,801	155,563	133.885%	208,276	750	207,526	20,753	186,773
12/31/33	13,908,155	173,852	13,801	160,051	133.885%	214,284	771	213,513	21,351	192,162
12/31/34	14,276,721	178,459	13,801	164,658	133.885%	220,453	794	219,659	21,966	197,693
12/31/35	14,655,054	183,188	13,801	169,387	133.885%	226,784	816	225,968	22,597	203,371
12/31/36	15,043,413	188,043	13,801	174,241	133.885%	233,284	840	232,444	23,244	209,200
12/31/37	15,442,063	193,026	13,801	179,225	133.885%	239,955	864	239,091	23,909	215,182
12/31/38	15,851,278	198,141	13,801	184,340	133.885%	246,804	888	245,916	24,592	221,324
12/31/39	16,271,337	203,392	13,801	189,590	133.885%	253,834	914	252,920	25,292	227,628
12/31/40	16,702,527	208,782	13,801	194,980	133.885%	261,050	940	260,110	26,011	234,099
12/31/41	17,145,144	214,314	13,801	200,513	133.885%	268,458	966	267,492	26,749	240,743
12/31/42	17,599,490	219,994	13,801	206,192	133.885%	276,061	994	275,067	27,507	247,560
12/31/43	18,065,877	225,823	13,801	212,022	133.885%	283,867	1,022	282,845	28,285	254,560
12/31/44	18,544,623	231,808	13,801	218,007	133.885%	291,879	1,051	290,828	29,083	261,745
12/31/45	19,036,055	237,951	13,801	224,149	133.885%	300,103	1,080	299,023	29,902	269,121
12/31/46	19,540,511	244,256	13,801	230,455	133.885%	308,546	1,111	307,435	30,744	276,691
12/31/47	20,058,334	250,729	13,801	236,928	133.885%	317,212	1,142	316,070	31,607	284,463
12/31/48	20,589,880	257,373	13,801	243,572	133.885%	326,108	1,174	324,934	32,493	292,441
						\$6,105,355	\$21,980	\$6,083,375	\$608,339	\$5,475,036

\* election to delay receipt of first increment until 2024 (up to 4 years from approval date)  
 (1) Total estimated market value based on information provided by City  
**very preliminary and subject to further review. Includes 2.65% annual market value inflator**  
 (2) Total net tax capacity based on residential rental class rates of 1.25%  
 (3) Original net tax capacity based on existing value for 1 parcel to be included in housing development  
 (4) Total local combined tax rate available for taxes payable 2020

**Estimated Impact on Other Taxing Jurisdictions Report**

**City of Moorhead, Minnesota**

**Tax Increment Financing (Housing) District**

**8th Street Redevelopment - Residential component only**

**Draft revenue projections based on new apartment construction value of \$10.707M**

Taxing Jurisdiction	Without Project or TIF District		With Project and TIF District					
	2019/2020 Taxable Net Tax Capacity (1)	2019/2020 Local Tax Rate	2019/2020 Taxable Net Tax Capacity (1)	Projected Retained Captured Net Tax Capacity +	New Taxable Net Tax Capacity =	Hypothetical Adjusted Local Tax Rate (*)	Hypothetical Decrease In Local Tax Rate (*)	Hypothetical Tax Generated by Retained Captured N.T.C. (*)
City of Moorhead	34,625,250	44.862%	34,625,250	\$243,572	34,868,822	44.549%	0.313%	108,508
Clay County	68,947,610	50.390%	68,947,610	243,572	69,191,182	50.213%	0.177%	122,304
ISD 152	42,718,933	35.151%	42,718,933	243,572	42,962,505	34.952%	0.199%	85,132
Other (2)	---	3.482%	---	243,572	---	3.482%	---	---
<b>Totals</b>		<b>133.885%</b>				<b>133.195%</b>	<b>0.690%</b>	

**\* Statement 1:** If the projected Retained Captured Net Tax Capacity of the TIF District was hypothetically available to each of the taxing jurisdictions above, the result would be a lower local tax rate (see Hypothetical Adjusted Tax Rate above) which would produce the same amount of taxes for each taxing jurisdiction. In such a case, the total local tax rate would decrease by 0.690% (see Hypothetical Decrease in Local Tax Rate above). The hypothetical tax that the Retained Captured Net Tax Capacity of the TIF District would generate is also shown above.

**Statement 2:** Since the projected Retained Captured Net Tax Capacity of the TIF District is not available to the taxing jurisdictions, then there is no impact on taxes levied or local tax rates.

(1) Taxable net tax capacity = total net tax capacity - captured TIF, if applicable.

(2) The impact on these taxing jurisdictions has not been calculated. They represent 2.60% of the total tax rate.