



**MODIFICATION TO THE DEVELOPMENT
PROGRAM**
South Robert Street Redevelopment Project Area

- AND -

TAX INCREMENT FINANCING PLAN
Establishment of the Kmart TIF District
(a housing district)

West St. Paul Economic Development Authority
City of West St. Paul, Dakota County, Minnesota

Public Hearing: August 31, 2020

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Modification to the Development Program for South Robert Street Redevelopment Project Area

Foreword

The following text represents a Modification to the Development Program for South Robert Street Redevelopment Project Area. This modification represents a continuation of the goals and objectives set forth in the Development Program for South Robert Street Redevelopment Project Area. Generally, the substantive changes include the establishment of the Kmart TIF District, a housing TIF district.

For further information, a review of the Development Program for South Robert Street Redevelopment Project Area, is recommended. It is available from the Community Development Director at the City of West St. Paul. Other relevant information is contained in the Tax Increment Financing Plans for the Tax Increment Financing Districts located within South Robert Street Redevelopment Project Area.

Tax Increment Financing Plan for the Kmart TIF District

Foreword

The Economic Development Authority of the City of West St. Paul (the "EDA"), the City of West St. Paul (the "City"), staff and consultants have prepared the following information to expedite the Establishment of the Kmart TIF District (the "District"), a housing tax increment financing district, located in South Robert Street Redevelopment Project Area.

Statutory Authority

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the EDA and City have certain statutory powers pursuant to *Minnesota Statutes ("M.S.")*, Sections 469.090 - 469.1082, 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 Modification to the Development Program for South Robert Street Redevelopment Project Area.

Statement of Objectives

The District currently consists of three parcels of land and adjacent roads and internal rights-of-way. The District is being created to facilitate the construction of approximately 393 apartments affordable to persons at or below 60% of area median income (AMI) in the City. The EDA intends to enter into an agreement with Dominion and construction is expected to begin in late 2020. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for the South Robert Street Redevelopment Project Area.

The activities contemplated in the Modification to 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 South Robert Street Redevelopment Project Area and the District.

Development Program Overview

Pursuant to the Development Program and authorizing state statutes, the EDA or 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 EDA or City and is further described in this TIF Plan. The City does not intend to exercise the power of eminent domain to acquire property in the District. The Developer currently has an agreement to purchase the property to be included in the District.

2. Upon approval of a developer's plan relating to the project and completion of the necessary legal requirements, the EDA or City may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.
3. The EDA or 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 a portion of the property and adjacent rights-of-way and abutting roadways identified by the parcels listed below.

Parcel number	Address	Owner
42-01700-55-060	1201 Robert St S #50	RPS Legacy Desoto LLC
42-01700-50-012	100 SIGNAL HILLS AVE	RPS Legacy Desoto LLC
42-01700-55-051	1201 Robert St S	RPS Legacy Desoto LLC

Note: Parcels 42-01700-55-060 and 42-01700-55-051 are currently located in County TIF District #10 Signal Hills and will be decertified from that District prior to certification of the Kmart District. In addition, the parcels will be replatted in which approximately only 98% of parcel 42-01700-55-060, which currently contains Kmart, will be part of the new district and approximately only 6% of parcel 42-01700-55-051, which contains Signal Hills Shopping Center, will be part of the District.

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

The EDA or City may acquire any parcel within the District including interior and adjacent street rights of way. Any properties identified for acquisition will be acquired by the EDA or City only in order to accomplish one or more of the following: storm sewer improvements; provide land for needed public streets, utilities and facilities; carry out land acquisition, site improvements, clearance and/or development to accomplish the uses and objectives set forth in this plan. The EDA or City may acquire property by gift, dedication, condemnation or direct purchase from willing sellers in order to achieve the objectives of this TIF Plan. Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs.

Classification of the District

The EDA and 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, find 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 three parcels
- The development will consist of approximately 393 units of multi-family rental housing
- At least 40% of the units will be occupied by person with incomes less than 60% of median income
- No more that 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 EDA or City (a total of 26 years of tax increment). The EDA or City elects to receive the first tax increment in 2023, 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 2048, or when the TIF Plan is satisfied. The EDA or 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 2020 for taxes payable 2021.

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 EDA or City.

The original local tax rate for the District will be the local tax rate for taxes payable 2021, assuming the request for certification is made before June 30, 2021. 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 South Robert Street Redevelopment Project Area, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The EDA and City request 100 percent of the available increase in tax capacity for repayment of its obligations and current expenditures, beginning in the tax year payable 2023. 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	898,749	
Original estimated Net Tax Capacity	29,245	
Fiscal Disparities	0	
Estimated Captured Tax Capacity	869,504	
Original Local Tax Rate	121.1950%	Pay 2020
Estimated Annual Tax Increment	\$1,053,796	
Percent Retained by the City	100%	

Note: Tax capacity includes a 3.0% 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 \$110,531.

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

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

Sources of Revenue/Bonds to be Issued

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

SOURCES	
Tax Increment	\$ 18,681,032
Interest	1,868,103
TOTAL	\$ 20,549,135

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The EDA or 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 EDA or City to incur debt. The EDA or City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The EDA or 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 \$13,116,414. 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 construction of approximately 393 apartments affordable to persons at or below 60% of area median income (AMI). The EDA and City have determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described.

The EDA 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	\$ 2,000,000
Site Improvements/Preparation	1,500,000
Affordable Housing	5,248,311
Utilities	750,000
Other Qualifying Improvements	1,750,000
Administrative Costs (up to 10%)	1,868,103
PROJECT COSTS TOTAL	\$ 13,116,414
Interest	7,432,721
PROJECT AND INTEREST COSTS TOTAL	\$ 20,549,135

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 EDA may expend funds for qualified housing activities outside of the District boundaries.

Fiscal Disparities Election

Pursuant to *M.S., Section 469.177, Subd. 3*, the EDA or City may elect one of two methods to calculate fiscal disparities.

The EDA will choose to calculate fiscal disparities by clause b (inside).

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 EDA or 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	2019/Pay 2020 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) upon completion	Percent of CTC to Entity Total
Dakota County	532,219,151	869,504	0.1634%
City of West St. Paul	19,523,994	869,504	4.4535%
ISD 197 (WSP - Mendota Heights-Eagan)	74,618,677	869,504	1.1653%

Impact on Tax Rates				
Entity	Pay 2020 Extension Rate	Percent of Total	CTC	Potential Taxes
Dakota County	24.1330%	19.91%	869,504	\$ 209,837
City of West St. Paul	70.1060%	57.85%	869,504	609,575
ISD 197 (WSP - Mendota Heights-Eagan)	22.1250%	18.26%	869,504	192,378
Other	4.8310%	3.99%	869,504	42,006
	121.1950%	100.00%		\$ 1,053,796

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Pay 2020 rate. The total net capacity for the entities listed above are based on Pay 2020 figures. The District will be certified under the Pay 2021 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 \$18,681,032;

- (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 due to being vacant. 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 will add traffic in the area and the developer is required to conduct a traffic study and address the issues, if any raised by the study. Any changes required to the existing infrastructure for sanitary sewer, storm sewer and water will be paid for by the proposed development. Based on the development plans, there are no additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks.

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 \$3,410,354;
- (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 \$3,719,867;
- (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.

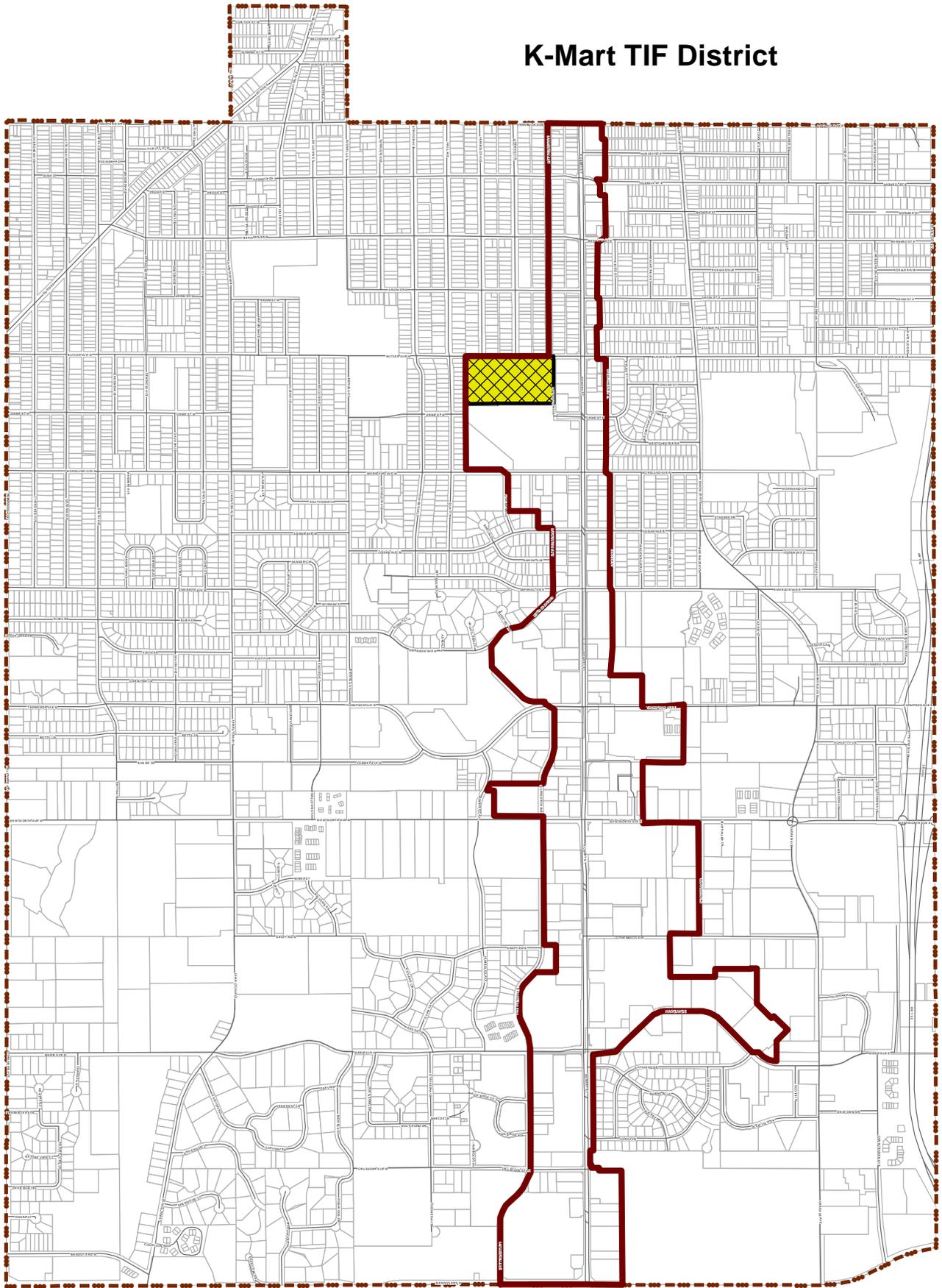
- (i) In making said determination, reliance has been placed upon (1) written representation made by the developer to such effects, (2) review of the developer's proforma; and (3) City staff awareness of the feasibility of developing the project site within the District, which is further outlined in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

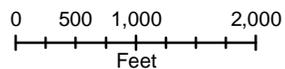
Appendix A: Map of South Robert Street Redevelopment Project Area and the TIF District

K-Mart TIF District



Prepared for the
West St. Paul Community
Development Department by
the Dakota County Office of GIS

This drawing is neither a legally recorded map nor a survey and is not intended to be used as one. This drawing is a compilation of records, information and data from various city, county and state offices and other sources. This document should be used for reference only. No representation is made that features presented accurately reflect true location. Neither Dakota County nor any other entity from which data was obtained assumes no liability for any errors or omissions herein. If discrepancies are found, please contact the Dakota County Office of GIS.



Legend

-  South Robert St Redevelopment Project
-  TIF District



Map Dated July 1, 2020

Appendix B: Estimated Cash Flow for the District



Kmart Redevelopment - No Inflation

City of West St. Paul, MN

146-Unit Affordable Family Apartment; and 247-Unit Affordable Senior Apartment

ASSUMPTIONS AND RATES

DistrictType:	Housing
District Name/Number:	
County District #:	
First Year Construction or Inflation on Value	2021
Existing District - Specify No. Years Remaining	
Inflation Rate - Every Year:	3.00%
Interest Rate:	4.00%
Present Value Date:	1-Aug-22
First Period Ending	1-Feb-23
Tax Year District was Certified:	Pay 2021
Cashflow Assumes First Tax Increment For Development:	2023
Years of Tax Increment	26
Assumes Last Year of Tax Increment	2048
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	Inside(B)
Incremental or Total Fiscal Disparities	Incremental
Fiscal Disparities Contribution Ratio	34.1647% Pay 2020
Fiscal Disparities Metro-Wide Tax Rate	142.4540% Pay 2020
Maximum/Frozen Local Tax Rate:	121.195% Pay 2020
Current Local Tax Rate: (Use lesser of Current or Max.)	121.195% Pay 2020
State-wide Tax Rate (Comm./Ind. only used for total taxes)	38.8460% Pay 2020
Market Value Tax Rate (Used for total taxes)	0.15911% Pay 2020

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 \$162,000	0.75%
Over \$162,000	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	42-01700-55-060	RPS Legacy Desoto LLC	1201 Robert St S #50	3,040,300	213,600	3,253,900	56%	1,822,184	Pay 2021	C/I Pref.	35,694	Aff. Rental	13,666	1
2	42-01700-50-012	RPS Legacy Desoto LLC	1201 Robert St S #50	3,040,300	213,600	3,253,900	42%	1,366,638	Pay 2021	C/I	27,333	Aff. Rental	10,250	2
3	42-01700-55-051	RPS Legacy Desoto LLC	1201 Robert St S	5,019,700	0	5,019,700	6%	301,182	Pay 2021	C/I Pref.	5,274	Aff. Rental	2,259	2
				11,099,900	427,200	11,527,100		3,899,304			75,736		29,245	

Note:

1. Base values are for pay 2021 based upon review of County website on 5-8-20.
2. Located in SD # 197 and Lower Mississippi River WS



Kmart Redevelopment - No Inflation

City of West St. Paul, MN
 146-Unit Affordable Family Apartment; and 247-Unit Affordable Senior Apartment

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 2021	Percentage Completed 2022	Percentage Completed 2023	Percentage Completed 2024	First Year Full Taxes Payable
1	Family Aff. Apt.	150,000	150,000	146	21,900,000	Aff. Rental	164,250	1,125	25%	100%	100%	100%	2024
2	Senior Aff. Apt.	150,000	150,000	247	37,050,000	Aff. Rental	277,875	1,125	25%	100%	100%	100%	2024
TOTAL					58,950,000		442,125						
Subtotal Residential				393	58,950,000		442,125						
Subtotal Commercial/Ind.				0	0		0						

Note:

1. Market values are based upon estimates.

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
Family Aff. Apt.	164,250	0	164,250	199,063	0	0	34,845	233,908	1,602.11
Senior Aff. Apt.	277,875	0	277,875	336,771	0	0	58,950	395,721	1,602.11
TOTAL	442,125	0	442,125	535,833	0	0	93,795	629,629	

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	629,629
less State-wide Taxes	0
less Fiscal Disp. Adj.	0
less Market Value Taxes	(93,795)
less Base Value Taxes	(35,443)
Annual Gross TIF	500,390

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	3,899,304
New Market Value - Est.	58,950,000
Difference	55,050,696
Present Value of Tax Increment	10,460,109
Difference	44,590,587
Value likely to occur without Tax Increment is less than:	44,590,587



Kmart Redevelopment - No Inflation

City of West St. Paul, MN

146-Unit Affordable Family Apartment; and 247-Unit Affordable Senior Apartment

TAX INCREMENT CASH FLOW															
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date	
														02/01/23	
100%	110,531	(29,245)	-	81,286	121.195%	98,515	49,258	(177)	(4,908)	44,172	42,457	0.5	2023	08/01/23	
							49,258	(177)	(4,908)	44,172	84,081	1	2023	02/01/24	
100%	442,125	(29,245)	-	412,880	121.195%	500,390	250,195	(901)	(24,929)	224,365	291,360	1.5	2024	08/01/24	
							250,195	(901)	(24,929)	224,365	494,574	2	2024	02/01/25	
100%	455,389	(29,245)	-	426,144	121.195%	516,465	258,233	(930)	(25,730)	231,573	700,204	2.5	2025	08/01/25	
							258,233	(930)	(25,730)	231,573	901,802	3	2025	02/01/26	
100%	469,050	(29,245)	-	439,806	121.195%	533,022	266,511	(959)	(26,555)	238,997	1,105,783	3.5	2026	08/01/26	
							266,511	(959)	(26,555)	238,997	1,305,765	4	2026	02/01/27	
100%	483,122	(29,245)	-	453,877	121.195%	550,076	275,038	(990)	(27,405)	246,643	1,508,098	4.5	2027	08/01/27	
							275,038	(990)	(27,405)	246,643	1,706,464	5	2027	02/01/28	
100%	497,616	(29,245)	-	468,371	121.195%	567,642	283,821	(1,022)	(28,280)	254,519	1,907,151	5.5	2028	08/01/28	
							283,821	(1,022)	(28,280)	254,519	2,103,903	6	2028	02/01/29	
100%	512,544	(29,245)	-	483,299	121.195%	585,735	292,867	(1,054)	(29,181)	262,632	2,302,945	6.5	2029	08/01/29	
							292,867	(1,054)	(29,181)	262,632	2,498,084	7	2029	02/01/30	
100%	527,920	(29,245)	-	498,676	121.195%	604,370	302,185	(1,088)	(30,110)	270,987	2,695,484	7.5	2030	08/01/30	
							302,185	(1,088)	(30,110)	270,987	2,889,013	8	2030	02/01/31	
100%	543,758	(29,245)	-	514,513	121.195%	623,564	311,782	(1,122)	(31,066)	279,594	3,084,773	8.5	2031	08/01/31	
							311,782	(1,122)	(31,066)	279,594	3,276,695	9	2031	02/01/32	
100%	560,071	(29,245)	-	530,826	121.195%	643,335	321,667	(1,158)	(32,051)	288,458	3,470,819	9.5	2032	08/01/32	
							321,667	(1,158)	(32,051)	288,458	3,661,137	10	2032	02/01/33	
100%	576,873	(29,245)	-	547,628	121.195%	663,698	331,849	(1,195)	(33,065)	297,589	3,853,629	10.5	2033	08/01/33	
							331,849	(1,195)	(33,065)	297,589	4,042,346	11	2033	02/01/34	
100%	594,179	(29,245)	-	564,934	121.195%	684,672	342,336	(1,232)	(34,110)	306,993	4,233,211	11.5	2034	08/01/34	
							342,336	(1,232)	(34,110)	306,993	4,420,333	12	2034	02/01/35	
100%	612,004	(29,245)	-	582,760	121.195%	706,276	353,138	(1,271)	(35,187)	316,680	4,609,574	12.5	2035	08/01/35	
							353,138	(1,271)	(35,187)	316,680	4,795,105	13	2035	02/01/36	
100%	630,365	(29,245)	-	601,120	121.195%	728,527	364,264	(1,311)	(36,295)	326,657	4,982,728	13.5	2036	08/01/36	
							364,264	(1,311)	(36,295)	326,657	5,166,673	14	2036	02/01/37	
100%	649,275	(29,245)	-	620,031	121.195%	751,446	375,723	(1,353)	(37,437)	336,933	5,352,684	14.5	2037	08/01/37	
							375,723	(1,353)	(37,437)	336,933	5,535,048	15	2037	02/01/38	
100%	668,754	(29,245)	-	639,509	121.195%	775,053	387,526	(1,395)	(38,613)	347,518	5,719,452	15.5	2038	08/01/38	
							387,526	(1,395)	(38,613)	347,518	5,900,241	16	2038	02/01/39	
100%	688,816	(29,245)	-	659,572	121.195%	799,368	399,684	(1,439)	(39,825)	358,421	6,083,046	16.5	2039	08/01/39	
							399,684	(1,439)	(39,825)	358,421	6,262,266	17	2039	02/01/40	
100%	709,481	(29,245)	-	680,236	121.195%	824,412	412,206	(1,484)	(41,072)	369,650	6,443,477	17.5	2040	08/01/40	
							412,206	(1,484)	(41,072)	369,650	6,621,135	18	2040	02/01/41	
100%	730,765	(29,245)	-	701,520	121.195%	850,208	425,104	(1,530)	(42,357)	381,216	6,800,759	18.5	2041	08/01/41	
							425,104	(1,530)	(42,357)	381,216	6,976,861	19	2041	02/01/42	
100%	752,688	(29,245)	-	723,443	121.195%	876,777	438,389	(1,578)	(43,681)	393,129	7,154,906	19.5	2042	08/01/42	
							438,389	(1,578)	(43,681)	393,129	7,329,459	20	2042	02/01/43	
100%	775,269	(29,245)	-	746,024	121.195%	904,144	452,072	(1,627)	(45,044)	405,400	7,505,931	20.5	2043	08/01/43	
							452,072	(1,627)	(45,044)	405,400	7,678,943	21	2043	02/01/44	
100%	798,527	(29,245)	-	769,282	121.195%	932,332	466,166	(1,678)	(46,449)	418,039	7,853,851	21.5	2044	08/01/44	
							466,166	(1,678)	(46,449)	418,039	8,025,329	22	2044	02/01/45	
100%	822,483	(29,245)	-	793,238	121.195%	961,365	480,682	(1,730)	(47,895)	431,057	8,198,680	22.5	2045	08/01/45	
							480,682	(1,730)	(47,895)	431,057	8,368,632	23	2045	02/01/46	
100%	847,157	(29,245)	-	817,912	121.195%	991,269	495,634	(1,784)	(49,385)	444,465	8,540,435	23.5	2046	08/01/46	
							495,634	(1,784)	(49,385)	444,465	8,708,869	24	2046	02/01/47	
100%	872,572	(29,245)	-	843,327	121.195%	1,022,070	511,035	(1,840)	(50,920)	458,276	8,879,131	24.5	2047	08/01/47	
							511,035	(1,840)	(50,920)	458,276	9,046,055	25	2047	02/01/48	
100%	898,749	(29,245)	-	869,504	121.195%	1,053,796	526,898	(1,897)	(52,500)	472,501	9,214,785	25.5	2048	08/01/48	
							526,898	(1,897)	(52,500)	472,501	9,380,208	26	2048	02/01/49	
Total							18,748,526	(67,495)	(1,868,103)	16,812,928					
Present Value From 08/01/2021							10,460,109	(37,656)	(1,042,245)	9,380,208					
Present Value Rate							4.00%								

Appendix C: Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for the Kmart TIF District, as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. *Finding that the Kmart TIF District is a housing district as defined in M.S., Section 469.174, Subd. 11.*

The Kmart TIF District consists of 3 parcels. The development will consist of the construction of approximately 393 apartments affordable to persons at or below 60% of area median income (AMI), all or a portion of which will receive tax increment assistance and will meet income restrictions described in *M.S. 469.1761*. At least 40 percent of the units receiving assistance will have incomes at or below 60 percent of area 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 is a housing district that meets the City's objectives for development and redevelopment. The Kmart and Signal Hills Bank buildings have been vacant for many years and they have been marketed for development without success. The cost of land acquisition, site and public improvements and utilities makes this housing development infeasible without City assistance. Due to decreased rental income from affordable units, there is insufficient cash flow to provide a sufficient rate of return, pay operating expenses, and service the debt. This leaves a gap in the funding for the project and 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 proforma as justification that the developer 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 cost of land acquisition, site and public improvements, utilities and construction of affordable housing add to the total development cost. Historically, these costs as well as reduced rents required for affordable housing in the City have made development infeasible without tax increment assistance. The City reasonably determines that no other development of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

3. *Finding that the TIF Plan for the Kmart TIF District conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The City Council reviewed the TIF Plan and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the TIF Plan for the Kmart TIF District will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of South Robert Street Redevelopment Project Area by private enterprise.*

Through the implementation of the TIF Plan, the City will provide an impetus for residential development, which is desirable or necessary for increased population and an increased need for life-cycle housing within the City.