



**CITY OF MARSHALL**  
**Housing and Redevelopment Authority**  
**Meeting**  
**A g e n d a**  
**Tuesday, July 27, 2021 at 5:00 PM**  
**City Hall, 344 West Main St.**

**CALL TO ORDER**

**APPROVAL OF MINUTES**

- [1.](#) Consider approval of the minutes from the special meeting held on June 8, 2021.

**NEW BUSINESS**

- [2.](#) Resolution for Establishing Project Area and Approving TIF Plan for Suite Liv'n Development Project

**ADJOURN**

**Disclaimer: These agendas have been prepared to provide information regarding an upcoming meeting of the Common Council of the City of Marshall. This document does not claim to be complete and is subject to change.**



## CITY OF MARSHALL AGENDA ITEM REPORT

<b>Meeting Date:</b>	Tuesday, July 27, 2021
<b>Category:</b>	APPROVAL OF MINUTES
<b>Type:</b>	ACTION
<b>Subject:</b>	Consider approval of the minutes from the special meeting held on June 8, 2021.
<b>Background Information:</b>	
<b>Fiscal Impact:</b>	
<b>Alternative/ Variations:</b>	Staff encourages HRA Members to provide any suggested corrections to the minutes in writing to City Clerk, Kyle Box, prior to the meeting. We then could potentially incorporate proposed amended minutes at the meeting.
<b>Recommendations:</b>	that the minutes of the special meeting held on June 8, 2021, be approved as filed with each member and that the reading of the same be waived.

**CITY OF MARSHALL  
HOUSING AND REDEVELOPMENT AUTHORITY MEETING  
M I N U T E S  
Tuesday, June 08, 2021**

The special meeting of the Housing and Redevelopment Authority was held on June 8, 2021 in the Minnesota Emergency Response and Industrial Training (MERIT) Center, 1001 Erie Road. The meeting was called to order at 5:15 P.M. by Chairman Robert Byrnes. In addition to Byrnes the following members were present: Craig Schafer, Steve Meister, Don Edblom, John DeCramer, Russ Labat, James Lozinski. Absent: None. Staff present included: Sharon Hanson, Executive Director; Dennis Simpson, City Attorney; Lauren Deutz, Economic Development Director and Kyle Box City Clerk.

**Consider approval of the minutes from the special meeting held on May 25, 2021.**

Motion made by Board Member Schafer, Seconded by Board Member Edblom that the minutes of the special meeting held on May 25, 2021, be approved as filed with each member and that the reading of the same be waived.

Voting Yea: Chairman Byrnes, Board Member Schafer, Board Member Meister, Board Member Edblom, Board Member DeCramer, Board Member Labat, Board Member Lozinski. The motion **Carried. 7-0**

**Consider Approval of a Land Sale 1) Conducted a Public Hearing, 2) Consider Approval of a Signed Purchase Agreement**

Earlier this year, Jim Swenson, doing business as BEST TOPSOIL LLC purchased property from HRA. A portion of the previously purchased property included 1.8 acres of property identified as part of Lot 3, Block 1 of McLaughlin Industrial Park II Addition to the City of Marshall. (Parcel 27- 538-003-0).

Mr. Swenson, on behalf of BEST TOPSOIL LLC has now offered to purchase the remaining 4.84 acres of that parcel from the HRA. Attached is a purchase agreement as signed by Jim Swenson, Managing Member of BEST TOPSOIL LLC. Purchase price is \$25,000.00 per acre, total purchase price \$121,000.00. Mr. Swenson has provided the City with BEST TOPSOIL LLC's earnest money check in the amount of \$1,000.00.

This proposed purchase will be presented to the EDA for consideration at its meeting on Wednesday, May 26, 2021. Staff is recommending that EDA approve the proposed sale of property and recommend to HRA that HRA approve the sale.

Motion made by Board Member Lozinski, Seconded by Board Member Meister to close the public hearing. Voting Yea: Chairman Byrnes, Board Member Schafer, Board Member Meister, Board Member Edblom, Board Member DeCramer, Board Member Labat, Board Member Lozinski. The motion **Carried. 7-0.**

Motion made by Board Member Schafer, Seconded by Board Member Labat To approve a Signed Purchase Agreement with BEST TOPSOIL LLC. Voting Yea: Chairman Byrnes, Board Member Schafer, Board Member Meister, Board Member Edblom, Board Member DeCramer, Board Member Labat, Board Member Lozinski. The motion **Carried. 7-0**

**Adjourn**

Motion made by Board Member Schafer, Seconded by Board Member DeCramer to adjourn. Voting Yea: Chairman Byrnes, Board Member Schafer, Board Member Meister, Board Member Edblom, Board Member DeCramer, Board Member Labat, Board Member Lozinski

---

Robert J. Byrnes  
Chairman

ATTEST:

---

Sharon Hanson  
Executive Director



## HOUSING AND REDEVELOPMENT AUTHORITY AGENDA ITEM REPORT

<b>Meeting Date:</b>	Tuesday, July 27, 2021
<b>Category:</b>	NEW BUSINESS
<b>Type:</b>	ACTION
<b>Subject:</b>	Resolution for Establishing Project Area and Approving TIF Plan for Suite Liv'n Development Project
<b>Background Information:</b>	<p>Gabe Olson, owner of L2C LLC (Suite Liv'n) has applied for Tax Increment Financing to develop two, 24-unit workforce apartment buildings located at 406 Village Drive and 501 Village Drive.</p> <p>L2C LLC is co-owned by Olson and his business partner, Jeff Huston who also co-own Suite Liv'n, the property management company that is responsible for managing the apartments. L2C LLC purchased its first property in Marshall in 2018 and now owns approximately 350 units within the city.</p> <p>Estimated project costs for the development both units are \$6.2 million with construction anticipated to begin in Spring of 2022. The proposed project would include 32 one-bedroom units and 16 two-bedroom units. The proposed development would include 40% of dwelling units affordable to household earning 60% or less of the area median income.</p> <p>The development would also help meet the goals of the City of Marshall's new Housing Study which is nearing completion. The study draft indicates a need for 124 new market rate rental housing units, 75 shallow-subsidy units and 128 deep-subsidy units through 2030. Proposed rental rates for the project range from \$700 - \$900.</p> <p>Olson originally requested 25 years of TIF for the project but following review from Baker Tilley, staff is requesting a 12-year, Pay-Go TIF Plan which would equates to \$460,000 in payments.</p>
<b>Fiscal Impact:</b>	\$460,000 over 12 years in tax increment.
<b>Alternative/Variations:</b>	None
<b>Recommendations:</b>	Approve resolution approving establishment of Project Area No. 6 and a Project Plan therefor, approving establishment of Tax Increment Financing (housing) District No 6.1 and a Tax Increment Financing plan therefor

# Memo

---

To: Members of the City Council  
Sharon Hanson, Lauren Deutz, Annette Storm, City of Marshall

From: Mikaela Huot, Director

Date: July 27, 2021

Subject: Financial Analysis and Tax Increment Revenue Projections for Proposed Suite Liv'n Housing Project

---

**Background**

The City of Marshall received an application from L2A LLC, the developer, for financial assistance through the establishment of a Tax Increment Financing (TIF) Housing District to facilitate the construction of a new 48-unit mixed-income housing project that would comprise of 2 24-unit buildings. The application states there is a financial gap resulting from the development costs not being supported by projected rents of the housing units upon construction completion. The project budget for both buildings is approximately \$6.277M.

This memorandum provides a summary of the preliminary tax increment revenue projections for the project and initial financial review of the development project costs and operating pro forma as provided by the developer to understand how tax increment financing may be necessary for the project to proceed. Prior to considering tax increment financing assistance for the project, the City will need to make a determination if the project as proposed would be unlikely to proceed “but-for” the requested Tax Increment Financing (TIF) assistance, and to determine the appropriate amount, if any, of public assistance. To establish a tax increment financing district, there are findings that need to be made by the City that include: 1) determination that the project qualifies as a TIF district and 2) determination that the project as proposed would not proceed without public assistance (meeting the “but-for” test).

**Developer Request for Assistance**

The developer’s application includes a request for up to 26 years of tax increment assistance, of which the annual revenues would be used to provide additional cash flow to support operating expenses and debt repayment. Financial assistance through pay-as-you-go tax increment financing from the City of Marshall has been requested to provide additional revenues to support the required level of debt and project cash flow to repay annual debt service payments. Typical extraordinary redevelopment costs that cannot be supported solely by the project alone could justify the need for public financial assistance and allow the project to proceed as proposed to provide appropriate upfront funding and meet the minimum debt coverage requirements. The developer has indicated the receipt of City financial assistance is necessary for the project to proceed.

The sources and uses of funds without financial assistance through TIF is in the table below.

Sources	Amount	Uses	Amount
First Mortgage	\$3,306,566	Acquisition	\$502,315
Equity	\$2,507,089	Site Development	\$15,000
Deferred Developer Fee	\$463,521	Construction	\$4,785,492
		Soft Costs	\$336,486
		Developer Fee	\$313,858
		Contingency	\$244,024

		Public Improvements	\$80,000
Total	\$6,277,176	Total	\$6,277,176

The sources and uses of funds with financial assistance through TIF is in the table below.

Sources	Amount	Uses	Amount
First Mortgage	\$3,766,305	Acquisition	\$502,315
Equity	\$2,047,349	Site Development	\$15,000
Deferred Developer Fee	\$463,521	Construction	\$4,785,492
		Soft Costs	\$336,486
		Developer Fee	\$313,858
		Contingency	\$244,024
		Public Improvements	\$80,000
Total	\$6,277,176	Total	\$6,277,176

*With financial assistance, the developer is illustrating an increase in debt financing by approximately \$459,739, with an equal amount of decreased equity, resulting in increased equity returns and additional cash flow with increased debt coverage returns.*

**Qualifications**

A housing TIF District is a type of tax increment district which consists of a project that is intended for occupancy by persons or families of low- and moderate- income. Tax increment revenues must be used solely to finance the cost of a housing project as defined, and not more than 20 percent of the square footage of the buildings that receive assistance from tax increments may consist of commercial, retail, or other non-residential uses. For the proposed project to qualify as a tax increment financing housing district, the property must satisfy the income requirements as follows:

- at least 20% of units are occupied by individuals whose income is 50% or less of area median income
- at least 40% of units are occupied by individuals whose income is 60% or less of area median income.

Revenues from a tax increment financing housing district can be used for all costs related to the qualifying project that may include acquisition, rehabilitation and construction, utilities, parking, streets and sidewalks. The cost of public improvements directly related to the housing projects and the allocated administrative expenses of the City may be included in the cost of a housing project.

The developer has indicated this project would meet the income requirements outlined above with at least 40% of the units being affordable at a level of 60% of the area median income (AMI). The new units would include a mix of 1 and 2-bedroom units.

**Project Financing**

There are generally two ways in which assistance can be provided for most projects, either upfront or on a pay-as-you-go basis. With upfront financing, the City would finance a portion of the developer’s initial project costs through the issuance of bonds or as an internal loan. Future tax increment would be collected by the City and used to pay debt service on the bonds or repayment of the internal loan. With pay-as-you-go financing, the developer would finance all project costs upfront and would be reimbursed over time for a portion of those costs as revenues are available.

Pay-as-you-go-financing is generally more acceptable than upfront financing for the City because it shifts the risk for repayment to the developer. If tax increment revenues are less than originally projected, the developer receives less and therefore bears the risk of not being reimbursed the full amount of their financing. However, in some cases pay as you go financing may not be financially feasible. With bonds, the City would still need to make debt service payments and would have to use other sources to fill any shortfall of tax increment revenues. With internal financing, the City reimburses the loan with future revenue collections and may risk not repaying itself in full if tax increment revenues are not sufficient. The project financing as requested includes pay-as-you-go for reimbursement of eligible costs.

**Tax Increment Revenue Estimates**

	Scenario 1	Scenario 2
	Recommendation within Contract Terms	TIF Plan Authority: Maximum Budget Amount
Term of Collection for District	12 years	15 years
Estimated Total Completed Value (includes existing apartment building value)	\$3,320,900	\$3,320,900
Total Tax Capacity	\$54,014	\$54,014
<b>Incremental Value (new buildings only)</b>	<b>\$2,457,400</b>	<b>\$2,457,400</b>
<b>Estimated per Unit Value</b>	<b>\$51,196/unit</b>	<b>\$51,196/unit</b>
Captured Tax Capacity (Total less Original)	\$30,718	\$30,718
x 2021 Local Capacity Rate	129.013%	129.013%
Estimated Total Gross Tax Increment Revenue (less OSA deduction of 0.36%)	\$39,487	\$39,487
Less: 10% for Administrative Expenses (Maximum Percentage is 10%)	\$3,949	\$3,949
Estimated Net Annual Available Revenue	\$35,538	\$35,538
<b>Total Estimated Gross Increment</b>	<b>\$500,793</b>	<b>\$635,617</b>
<b>Total Estimated Net Increment to Developer</b>	<b>\$450,713</b>	<b>\$572,054</b>

Additional assumptions utilized:

- Property classified as residential rental
  - 48 units: 1.25% classification rate (market rate)
- Maximum term of housing district (26 total years)
  - First year collection payable 2024
  - 12-15 years
    - *Based on financial 'gap'*
- Increment based on difference between existing value and new land/building value
- Construction commences and completes in 2022
  - 100% completed by December 31, 2022 for
  - Assess January 2023 for taxes payable in 2024
- Payable 2021 tax rates of 129.013%
- 1% annual market value inflator
- 10% retained by City for admin
  - *Maximum 10% for admin*
  - 90% pledged to project

**Developer Pro forma Analysis including But-For**

Upon approval of a TIF district and project, the City must make several findings, including the “but for” test: that the proposed development would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future. The developer has stated that but for the provision of tax increment financing, the project as proposed would not occur. Based on the developer’s stated position relative to the need for tax increment financing assistance, the City could make its “but for” finding and provide tax increment assistance. We recommend, however, that the City review the provided assumptions to consider if the project meets the but-for test and, if so, what an appropriate level and type of TIF assistance may be based on the information submitted by the developer.

Following thorough evaluation of the project as provided allows the City to be prepared to make an informed “but-for” decision based on the likelihood of the project needing assistance, as well as the appropriate level of assistance. To complete this analysis, we reviewed the developer’s provided operating proforma and constructed similar ten-year project proformas, showing a result if the developer received the assistance as pay-as-you-go (reimbursement for TIF eligible costs) and showing a result if the developer did not receive assistance. Our analysis of the proformas included a review of the development budget, projected operating revenues and expenditures, and the project’s capacity to support annual debt service on outstanding debt. The purpose of evaluating the operating proformas is to understand the potential cash flow performance through initial development of the project and the annual operations of the project over a 10-year period to assist with determining if the project is financially feasible and would need public participation.

Measuring project feasibility is typically accomplished by analyzing a combination of 1) projected rate of return – both annual and cumulative and 2) estimated debt coverage ratio (DCR). Rate of return analysis illustrates the projected return to the developer using the available cash flow after payment of operating expenses and debt as a measurement to the initial equity investment. Industry standards for development types indicate the level of investment a developer is willing to make based on projected returns from the project. Should the projected annual and cumulative returns fall below those standards, the project would require reduced level of equity participation and/or increased cash flow. Debt Coverage Ratio (DCR) is a calculation detailing the ratio by which operating income exceeds the debt payments for the project. If the DCR is greater than 1.0 it indicates the project has operating income that is greater than the debt-service payment by some margin; conversely if the DCR is less than 1.0 it indicates the project is incapable of meeting its debt-service payment and would need to seek additional revenue sources in order to pay its debt. Typical lending standards will require a DCR of greater than 1.0 as a measure of cushion in the event actual revenues and expenses are different than projected.

We reviewed the financial information as provided by the developer to assist with making the determination 1) that tax increment assistance is necessary and 2) what is an appropriate level of assistance. We analysed both the projected rate of return and debt coverage ratios using the available information. The level of debt financing the project can obtain and support is based on the net operating income (NOI). The annual lease and other (parking) revenues and operating expenses have been provided by the developer to project the NOI.

Review of the operating proformas based on with assistance as pay-as-you-go and with no assistance provides the range of financial feasibility for this project and what the estimated gap would be without assistance. It is important to note that certain assumptions were made based on the developer’s provided information and market industry standards for annual lease rates, vacancy rates and annual revenue and operating expense inflators in order to understand the project performance. Adjustments made to those assumptions assist in understanding potential impact on project performance and what a required level of assistance may be.

To understand viability of the project and need for public assistance, we provided a sensitivity analysis to the proformas with adjustments made to the total project costs and funding sources, as well as annual lease rates. The developer currently owns the property, but the purchase had included both existing apartments, as well as undeveloped land available for future development (this proposed project). Including a purchase price for this project is reflective of the market and potential value of the property for new housing construction. The per unit purchase price for both buildings equals approximately \$10,464. All other assumptions remaining the same, reducing the project costs (land purchase) and corresponding equity amount, subject to market, is expected to positively impact the projected rates of return. Upon review of the annual cash flow performance, adjusting the projected lease rates through an increase would result in additional cash flow that provides both higher debt coverage ratio and rate of return. Realizing these adjustments is subject to market conditions and what the project could command for rents and per unit land cost. The City’s market study supports current assumptions as included in the applicant’s financial analysis.

## **Conclusion**

The applicant has requested tax increment financing from the City as a method of providing additional cash flow revenues required to achieve financial feasibility. The request was for 90% of the tax increments generated over the maximum 26-year term of the TIF District. Through submission of the tax increment financing application and supporting financial information, the applicant has indicated that the project would not occur as proposed without financial assistance from the City due to below market rates of return. The project will be privately financed through debt and equity and the increment would provide additional annual revenues to

enhance cash flow and increase the developer's return. To assist with determining the need for and amount of tax increment assistance, we typically review both the annual (upon stabilization) and long-term (10-15-year period) investment returns to understand financial performance and verification of need for public assistance.

Based on the financial analysis and available financing assumptions, without financial assistance, the project does not appear to be feasible. Without assistance, the projected annual and cumulative rate of return is below industry standards for this type of project and with annual public assistance the project is projected to achieve more reasonable market returns. The rate of return analysis indicates that the provided financing structure would not be financially viable without one or more of the following: 1) reduction in project costs 2) additional annual cash flow, and/or 3) additional funding sources.

Based on financial review, the maximum term of 26 years from the housing district does not appear to be needed for the project to proceed. The recommended level of assistance is in the range of 12-15 years to allow for the early years of project stabilization and cash flow support, while still requiring the developer to maintain and certify that at least 40% of the newly constructed units would be affordable to occupants with incomes at 60% AMI.

Considerations for recommended level of public assistance parameters include:

- Return on Investment
- Purchase price and other development costs
- Public to private investment
- Public assistance (TIF) and private equity
- Extraordinary costs
- Financial gap
- Term of collection
- Public policy and need

Lastly, the City recently commissioned a comprehensive housing needs analysis update to understand current market demands and conditions in the City. The results of the study indicate a need for the housing that is being proposed for this project. It is estimated the City can accommodate 124 new market rate rental housing units, 75 shallow-subsidy units, and 128 deep-subsidy units through 2030. In addition, the projected rents as proposed for the project are within range of what has been identified in the study.

Thank you for the opportunity to be of assistance to the City of Marshall. Please contact me at 651.368.2533 or [Mikaela.huot@bakertily.com](mailto:Mikaela.huot@bakertily.com) with any questions or comments.

## Projected Tax Increment Report

### City of Marshall

#### Tax Increment Financing (Housing) District No. 6-1

#### Suite Liv'n Proposed 48-Unit Housing Project

#### TIF Revenues - 12 Years

Annual Period Ending (1)	Total Market Value (2)	Total Net Tax Capacity (3)	Less: Original Net Tax Capacity (4)	Retained Captured Net Tax Capacity (5)	Times: Tax Capacity Rate (6)	Annual Gross Tax Increment (7)	Less: State Aud. Deduction 0.360% (8)	Subtotal Net Tax Increment (9)	Less: Admin. Retainage 10.00% (10)	Annual Net Revenue (11)	P.V. Annual Net Rev. To 02/01/22 4.00%
12/31/22	863,500	10,794	10,794	0	129.013%	0	0	0	0	0	0
12/31/23	863,500	10,794	10,794	0	129.013%	0	0	0	0	0	0
12/31/24	3,320,900	41,511	10,794	30,718	129.013%	39,630	143	39,487	3,949	35,538	31,697
12/31/25	3,345,474	41,818	10,794	31,025	129.013%	40,026	144	39,882	3,988	35,894 *	30,783
12/31/26	3,370,294	42,129	10,794	31,335	129.013%	40,426	146	40,280	4,028	36,252	29,894
12/31/27	3,395,362	42,442	10,794	31,648	129.013%	40,830	147	40,683	4,068	36,615	29,032
12/31/28	3,420,680	42,759	10,794	31,965	129.013%	41,239	148	41,091	4,109	36,982	28,195
12/31/29	3,446,252	43,078	10,794	32,284	129.013%	41,651	150	41,501	4,150	37,351	27,381
12/31/30	3,472,080	43,401	10,794	32,607	129.013%	42,068	151	41,917	4,192	37,725	26,592
12/31/31	3,498,165	43,727	10,794	32,933	129.013%	42,488	153	42,335	4,234	38,101	25,824
12/31/32	3,524,512	44,056	10,794	33,263	129.013%	42,913	154	42,759	4,276	38,483	25,080
12/31/33	3,551,122	44,389	10,794	33,595	129.013%	43,342	156	43,186	4,319	38,867	24,356
12/31/34	3,577,998	44,725	10,794	33,931	129.013%	43,776	158	43,618	4,362	39,256	23,653
12/31/35	3,605,143	45,064	10,794	34,271	129.013%	44,213	159	44,054	4,405	39,649	22,971
12/31/36	3,632,560	45,407	45,407	0	129.013%	0	0	0	0	0	0
12/31/37	3,660,250	45,753	45,753	0	129.013%	0	0	0	0	0	0
12/31/38	3,688,218	46,103	46,103	0	129.013%	0	0	0	0	0	0
12/31/39	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/40	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/41	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/42	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/43	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/44	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/45	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/46	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/47	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/48	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/49	863,500	0	0	0	129.013%	0	0	0	0	0	0
						\$502,602	\$1,809	\$500,793	\$50,080	\$450,713	\$325,458

\* election to delay receipt of first increment until up to 2024 (up to 4 years from approval date)

(1) Total estimated market value based on information provided by City Assessor (\$51,196/unit incremental value)

**preliminary and subject to further review. Includes 1% annual market value inflator**

(2) Total net tax capacity based on residential rental class rate of 1.25%

(3) Original net tax capacity based on 2020/2021 existing property value

(4) Total local combined tax rate available for taxes payable 2021

# Projected Tax Increment Report

City of Marshall  
 Tax Increment Financing (Housing) District No. 6-1  
 Suite Liv'n Proposed 48-Unit Housing Project  
 TIF Revenues - 15 Years

Annual Period Ending (1)	Total Market Value (2)	Total Net Tax Capacity (3)	Less: Original Net Tax Capacity (4)	Retained Captured Net Tax Capacity (5)	Times: Tax Capacity Rate (4) (6)	Annual Gross Tax Increment (7)	Less: State Aud. Deduction 0.360% (8)	Subtotal Net Tax Increment (9)	Less: Admin. Retainage 10.00% (10)	Annual Net Revenue (11)	P.V. Annual Net Rev. To 02/01/22 4.00%
12/31/22	863,500	10,794	10,794	0	129.013%	0	0	0	0	0	0
12/31/23	863,500	10,794	10,794	0	129.013%	0	0	0	0	0	0
12/31/24	3,320,900	41,511	10,794	30,718	129.013%	39,630	143	39,487	3,949	35,538	31,697
12/31/25	3,345,474	41,818	10,794	31,025	129.013%	40,026	144	39,882	3,988	35,894	30,783
12/31/26	3,370,294	42,129	10,794	31,335	129.013%	40,426	146	40,280	4,028	36,252	29,894
12/31/27	3,395,362	42,442	10,794	31,648	129.013%	40,830	147	40,683	4,068	36,615	29,032
12/31/28	3,420,680	42,759	10,794	31,965	129.013%	41,239	148	41,091	4,109	36,982	28,195
12/31/29	3,446,252	43,078	10,794	32,284	129.013%	41,651	150	41,501	4,150	37,351	27,381
12/31/30	3,472,080	43,401	10,794	32,607	129.013%	42,068	151	41,917	4,192	37,725	26,592
12/31/31	3,498,165	43,727	10,794	32,933	129.013%	42,488	153	42,335	4,234	38,101	25,824
12/31/32	3,524,512	44,056	10,794	33,263	129.013%	42,913	154	42,759	4,276	38,483	25,080
12/31/33	3,551,122	44,389	10,794	33,595	129.013%	43,342	156	43,186	4,319	38,867	24,356
12/31/34	3,577,998	44,725	10,794	33,931	129.013%	43,776	158	43,618	4,362	39,256	23,653
12/31/35	3,605,143	45,064	10,794	34,271	129.013%	44,213	159	44,054	4,405	39,649	22,971
12/31/36	3,632,560	45,407	10,794	34,613	129.013%	44,656	161	44,495	4,450	40,045	22,308
12/31/37	3,660,250	45,753	10,794	34,959	129.013%	45,102	162	44,940	4,494	40,446	21,665
12/31/38	3,688,218	46,103	10,794	35,309	129.013%	45,553	164	45,389	4,539	40,850	21,040
12/31/39	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/40	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/41	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/42	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/43	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/44	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/45	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/46	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/47	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/48	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/49	863,500	0	0	0	129.013%	0	0	0	0	0	0
						\$637,913	\$2,296	\$635,617	\$63,563	\$572,054	\$390,471

\* election to delay receipt of first increment until up to 2024 (up to 4 years from approval date)  
 (1) Total estimated market value based on information provided by City Assessor (\$51,196/unit incremental value)  
**preliminary and subject to further review. Includes 1% annual market value inflator**  
 (2) Total net tax capacity based on residential rental class rate of 1.25%  
 (3) Original net tax capacity based on 2020/2021 existing property value  
 (4) Total local combined tax rate available for taxes payable 2021

**HOUSING AND REDEVELOPMENT AUTHORITY  
IN AND FOR THE CITY OF MARSHALL, MINNESOTA**

**RESOLUTION NO. \_\_\_\_\_  
SECOND SERIES**

**ESTABLISHING PROJECT AREA NO. 6 AND APPROVING A PROJECT PLAN  
THEREFOR; AND ESTABLISHING TAX INCREMENT FINANCING  
(HOUSING) DISTRICT NO. 6-1 AND APPROVING A TAX INCREMENT  
FINANCING PLAN THEREFOR**

WHEREAS, the Housing and Redevelopment Authority in and for the City of Marshall, Minnesota (the “Authority”) has proposed to establish Project Area No. 6 (the “Project Area”) located in the City of Marshall, Minnesota (the “City”) pursuant to Minnesota Statutes, Sections 469.001 to 469.047, as amended, and to that end has caused to be prepared a document entitled “Project Plan for Project Area No. 6” (the “Project Plan”); and

WHEREAS, the Project Plan contains an identification of need and a statement of purpose and objectives, land uses and standards for development for carrying out a development project, including property to be acquired, public improvements to be provided, development to occur, and sources of revenue to pay redevelopment costs within the Project Area; and

WHEREAS, the Redevelopment Plan will preserve and enhance the tax base available to finance municipal services and will provide affordable housing opportunities, thereby achieving the purposes and objectives of the HRA Act; and

WHEREAS, the Authority has determined a need to establish Tax Increment Financing (Housing) District No. 6-1 (the “TIF District”) within the proposed Project Area pursuant to Minnesota Statutes, Sections 469.174 to 469.1794, as amended, and to that end has caused to be prepared a document entitled “Tax Increment Financing Plan for Tax Increment Financing (Housing) District No. 6-1” (the “TIF Plan”); and

WHEREAS, the TIF District is being established to facilitate the acquisition and construction of an affordable housing development consisting of two three-story apartment buildings containing a total of approximately 48 rental housing units and related amenities (the “Housing Development”); and

WHEREAS, pursuant to Minnesota Statutes, Sections 469.001 to 469.047, as amended (the “HRA Act”), the Authority is authorized to remedy the shortage of housing for low and moderate income residents and to undertake certain activities to facilitate the redevelopment of real property by private enterprise; and

WHEREAS, L2A, LLC, a Minnesota limited liability company (or any affiliate thereof which owns or develops the proposed affordable housing development, the “Developer”) has represented that it could not proceed with the proposed development without tax increment assistance; and

WHEREAS, the Authority transmitted the Project Plan and the TIF Plan to the Planning Commission of the City (the “Planning Commission”) for its review, and requested the Planning Commission’s written comment on such plans; and

WHEREAS, by resolution adopted by the Planning Commission on July 14, 2021, the Planning Commission found that the Project Plan for the proposed Project Area and the TIF Plan for the proposed TIF District conform to the general plan for the development of the City as a whole; and

WHEREAS, the Authority has performed all actions required by law to be performed prior to the creation of the TIF District and adoption of a TIF Plan, including, but not limited to, notification of the Lyon County Commissioner representing the area of the County in which the TIF District is located and delivering a copy the proposed TIF Plan for the TIF District and the Authority’s estimate of the fiscal and economic implications of the proposed TIF District to the County Auditor/Treasurer of Lyon County (the “County Auditor”) and the Clerk/Treasurer of the School Board of Independent School District No. 413, which have taxing jurisdiction over the property to be included in the TIF District; and

WHEREAS, on this date, the City Council of the City (the “Council”) will conduct a duly noticed public hearing on the Project Area and the Project Plan therefor and the TIF District and the TIF Plan therefor; and

WHEREAS, this Board of Commissioners of the Authority (the “Board”) has reviewed the contents of the Project Plan and the TIF Plan.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Housing and Redevelopment Authority in and for the City of Marshall, Minnesota that:

Section 1. Findings and Approval of the Project Area and Project Plan.

1.01. It is hereby found and determined that the undertakings and the site of the Project Area constitute a “housing project” within the meaning of Minnesota Statutes, Section 469.002, Subdivision 13; that the land in the Project Area, would not be made available for redevelopment without the use of tax increment financing; that the Project Plan for the Project Area will afford maximum opportunity, consistent with the needs of the City as a whole, for the redevelopment of the Project Area by private enterprise; and that the Project Plan conforms to the general plan for the development of the City as a whole.

1.02. The Project Plan and the redevelopment project activities proposed thereby are hereby adopted and approved as necessary and in the public interest to alleviate a shortage of decent, safe, and sanitary housing for persons of low or moderate income and their families, to preserve and enhance the municipal tax base and general economic vitality of the City, to provide low and moderate income housing opportunities, and to promote the sound growth and development of neighborhoods and communities and affordable housing goals, thereby serving the public safety, health, morals and general welfare of the residents of this City and State.

1.03. The Project Area is hereby established and the Project Plan is hereby adopted and approved by the Authority.

Section 2. Findings for the Creation of TIF District and Adoption of TIF Plan therefor.

2.01. The Authority hereby finds that the creation of the TIF District and the adoption of the TIF Plan therefor are intended and, in the judgment of the Board, the effect will be, to carry out the objectives of the Project Plan by creating an impetus for the development of low and moderate income housing facilities and related structures in the City, and otherwise promote certain public purposes and accomplish certain objectives as specified in the Project Plan and the TIF Plan.

2.02. The Authority hereby finds that the TIF District qualifies as a “housing district” within the meaning of the TIF Act for the following reasons:

The TIF District is, pursuant to Minnesota Statutes, Section 469.174, Subdivision 11, a “housing district” because it consists of a project or portions of a project or a portion of a project intended for occupancy, in part, by persons or families of low and moderate income as

defined in Chapter 462A, Title II of the National Housing Act of 1934; the National Housing Act of 1959; the United States Housing Act of 1937, as amended; Title V of the Housing Act of 1949, as amended; and any other similar present or future federal, state or municipal legislation or the regulations promulgated under any of those acts. No more than 20% of the square footage of buildings that receive assistance from tax increments will consist of commercial, retail or other nonresidential uses.

The Housing Development to be constructed in the TIF District will consist of approximately 48 units of workforce housing. At least 40% of the units (i.e., 20 units) in the Housing Development will be rented to and occupied by individuals or families whose income is 60% or less of area median income.

The Housing Development, which includes the only two buildings in the TIF District receiving assistance from the TIF District, is not expected to be used for any commercial, retail, or other non-residential use; therefore, not more than 20% of the square footage of the buildings that will receive assistance from tax increments from the TIF District are expected to be used for commercial, retail or other non-residential uses.

2.03. The Authority further finds that the proposed development would not occur solely through private investment within the reasonably foreseeable future and, therefore, the use of tax increment financing is deemed necessary.

2.04. The Authority further finds that the TIF Plan conforms to the general plan for the development or redevelopment of the City as a whole.

2.05. The HRA further finds that the TIF Plan will afford maximum opportunity consistent with the sound needs of the City as a whole for the development of the TIF District by private enterprise.

2.06. Reasons and facts supporting all the above findings are set forth in the TIF Plan and are incorporated herein by reference. The Board has also relied upon a resolution of the Planning Commission, the reports and recommendations of the Authority's and City's staff and consultants, as well as the personal knowledge of members of the Board, in reaching its conclusions regarding the TIF Plan.

### Section 3. Approval of Creation of the TIF District and Approval of the TIF Plan.

3.01. The creation of the TIF District and the adoption of the TIF Plan, are hereby approved and the TIF Plan shall be placed on file in the office of the Executive Director of the Authority.

3.02. Upon approval of the Project Plan and the TIF Plan by the Council, the Authority's Executive Director and staff of the Authority and the Authority's consultants and legal counsel are authorized and directed to proceed with the establishment and implementation of the TIF District, the TIF Plan and this resolution and to negotiate, draft, prepare and present to this Board for its consideration all further plans, resolutions, documents and contracts necessary for this purpose, including a Contract for Private Development ("Development Agreement") between the Authority and the Developer setting forth the terms and conditions under which the Authority will provide tax increment financing assistance to the Developer. The Board, staff of the Authority and its consultants and legal counsel are authorized to negotiate the terms of the Development Agreement with the Developer in connection with the establishment of the TIF District.

3.03. Upon approval of the Project Plan and the TIF Plan by the Council, the staff of the Authority is authorized and directed to file a copy of the TIF Plan with the County Auditor and to request the County Auditor certify the original tax capacity of the TIF District

3.04. Upon approval of the Project Plan and the TIF Plan by the Council, the staff of the Authority is also authorized and directed to file a copy of the TIF Plan and the Project Plan with the Commissioner of the Minnesota Department of Revenue and the Office of the State Auditor within 60 days after the latest of: (a) the filing of the request with the County Auditor for certification of the TIF District and (b) the date of approval of the TIF Plan by the City and the Authority.

Approved by the Board of Commissioners of the Housing and Redevelopment Authority in and for the City of Marshall, Minnesota this 27th day of July, 2021.

**HOUSING AND REDEVELOPMENT  
AUTHORITY IN AND FOR THE CITY OF  
MARSHALL, MINNESOTA**

---

Robert J. Byrnes  
Chair

Attest:

---

Sharon Hanson  
Executive Director

# **Project Plan**

## **for**

# **Redevelopment Project Area No. 6**

**Housing and Redevelopment Authority**

**in and for the City of Marshall**

**City of Marshall, Minnesota**

Prepared by

Baker Tilly Municipal Advisors, LLC

Draft Dated: July 27, 2021

Anticipated Approval by City Council: July 27, 2021

Anticipated Approval by HRA Board: July 27, 2021

## TABLE OF CONTENTS

<u>Section</u>	<u>Page(s)</u>
<u>Section</u>	<u>Page(s)</u>
A      Definitions .....	1
B      Statutory Authorization .....	2
C      Statement of Need and Public Purpose .....	2
D      Statement of Objectives .....	2
E      Boundaries of the Project Area .....	3
F      Property Acquisition .....	3
G      Payment of Public Costs .....	3
H      Environmental Controls; Land Use Regulations .....	3
I      Park and open Space to be Created .....	4
J      Property Acquisition and Proposed Reuse .....	4
K      Administration and Maintenance .....	4
L      Relocation .....	4
M      Amendments .....	4
 Map of the Project Area .....	 EXHIBIT I

## **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 Housing and Redevelopment Authority in and for the City of Marshall, Minnesota, a public body corporate and politic duly organized and existing under the Constitution; and laws of the State

"Authority Board" means the Board of Commissioners of the Authority.

"City" means the City of Marshall, Minnesota, a municipal corporation and political subdivision of the State.

"City Council" means the duly elected City Council of the City.

"Comprehensive Plan" means the comprehensive plan of the City.

"County" means Lyon County, Minnesota.

"Governing Body" means the Board of Commissioners of the Authority.

"HRA Act" means Minnesota Statutes, Sections 469.001 through 469.047, as amended.

"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" means Redevelopment Project Area No. 6, as shown in the map attached as Exhibit I, which includes the property legally described in Exhibit I.

"Project Area" means the geographic area of Redevelopment Project Area No. 6.

"Public Costs" means all legally permissible costs incurred or to be incurred by or on behalf of the Authority in carrying out the Project Plan, including but not limited to: (a) the costs of any redevelopment or housing activities consistent with the Project Plan as originally adopted or subsequently amended; (b) costs of administering the Project; and (c) debt service payments on any obligations issued to finance Public Costs authorized by the Project Plan.

"Project Plan" means the Project Plan for the Project Area, as it may be amended or supplemented from time to time.

"State" means the State of Minnesota.

"TIF Act" means Minnesota Statutes, Sections 469.174 through 469.1794, both inclusive.

"TIF District" means any tax increment financing district presently established or to be established in the future in the Project Area.

"TIF Plan" means the respective tax increment financing plan for each TIF district located within the Project Area.

**Section B Statutory Authorization**

The HRA Act authorizes the Authority to exercise all the powers relating to a housing and redevelopment authority granted under Minnesota Statutes, Sections 469.001 to 469.047, or other law. The Authority is authorized under the HRA Act to undertake and administer the Project Plan and the Project, and to pay for the Public Costs through tax increments derived from TIF Districts established within the Project Area or any other source of funds which the HRA Act permits the Authority to use for such purposes.

It is the intention of the City Council and the Authority Board, notwithstanding the enumeration of specific goals and objectives in the Project Plan, that the Authority shall have and enjoy with respect to the Project Area the full range of powers and duties conferred upon the Authority pursuant to the HRA Act, the TIF Act, 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 to encourage related development and redevelopment and to protect and improve the tax base and general economic vitality of the City. The Authority further finds that the Project is necessary to alleviate a shortage of decent, safe, and sanitary housing for persons of low or moderate income and their families. More specifically, the Authority has identified that development of the property included in the Project is necessary to further development and affordable housing goals.

The Authority specifically finds that: (a) the land within the Project Area would not be available for development and affordable housing purposes without the financial aid to be sought under this Project Plan; (b) the Project Plan will afford maximum opportunity, consistent with the needs of the City as a whole, for the development of the Project by private enterprise; and (c) that the Project Plan conforms to the general plan for the development of the City as a whole.

The Authority further finds that the Project is a “housing development project” within the meaning of Minnesota Statutes, Section 469.001 subd. 15.

**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 soil corrections or site improvements on said property, and to construct or reimburse the developer 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 promote the development of affordable housing to serve the Project Area and the City as whole, including without limitation the development of approximately 48 units of multifamily rental housing units, at least 40% of which will be affordable to individuals or families of low and moderate income.
- (4) To promote the development of decent, safe, and sanitary housing in order to protect the health and welfare of the residents of the City.
- (5) To provide funding for an ongoing development strategy and to prioritize the use of available resources.
- (6) To implement and revise from time to time, as may be deemed necessary or desirable, a consolidated and unified Project Plan and to finance the associated development costs on an area-wide basis.
- (7) 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.
- (8) To construct or acquire facilities deemed desirable for the development of the Project Area.

#### **Section E Boundaries of the Project Area**

The property within the City which constitutes the Project Area includes the property contained within the boundaries described below and is illustrated on the map attached as Exhibit I.

The Authority reserves the right to expand the boundaries of the Project Area in the future upon approval by the City Council.

#### **Section F Property Acquisition**

The Authority may acquire property, or appropriate interests therein, within the Project Area as it deems necessary or desirable to assist in the implementation of the Project Plan.

#### **Section G Payment of Public Costs**

It is anticipated that the Public Costs of the Project Area will be paid primarily from tax increments derived from one or more TIF Districts established within the Project 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 applicable to the Project Area 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**

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 Project Plan contemplates that the Authority may acquire property and reconvey the same to another entity. Prior to formal consideration of the acquisition of any property for private development, the Authority Board 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 Authority 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 Authority is a party.

**Section K Administration and Maintenance**

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

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

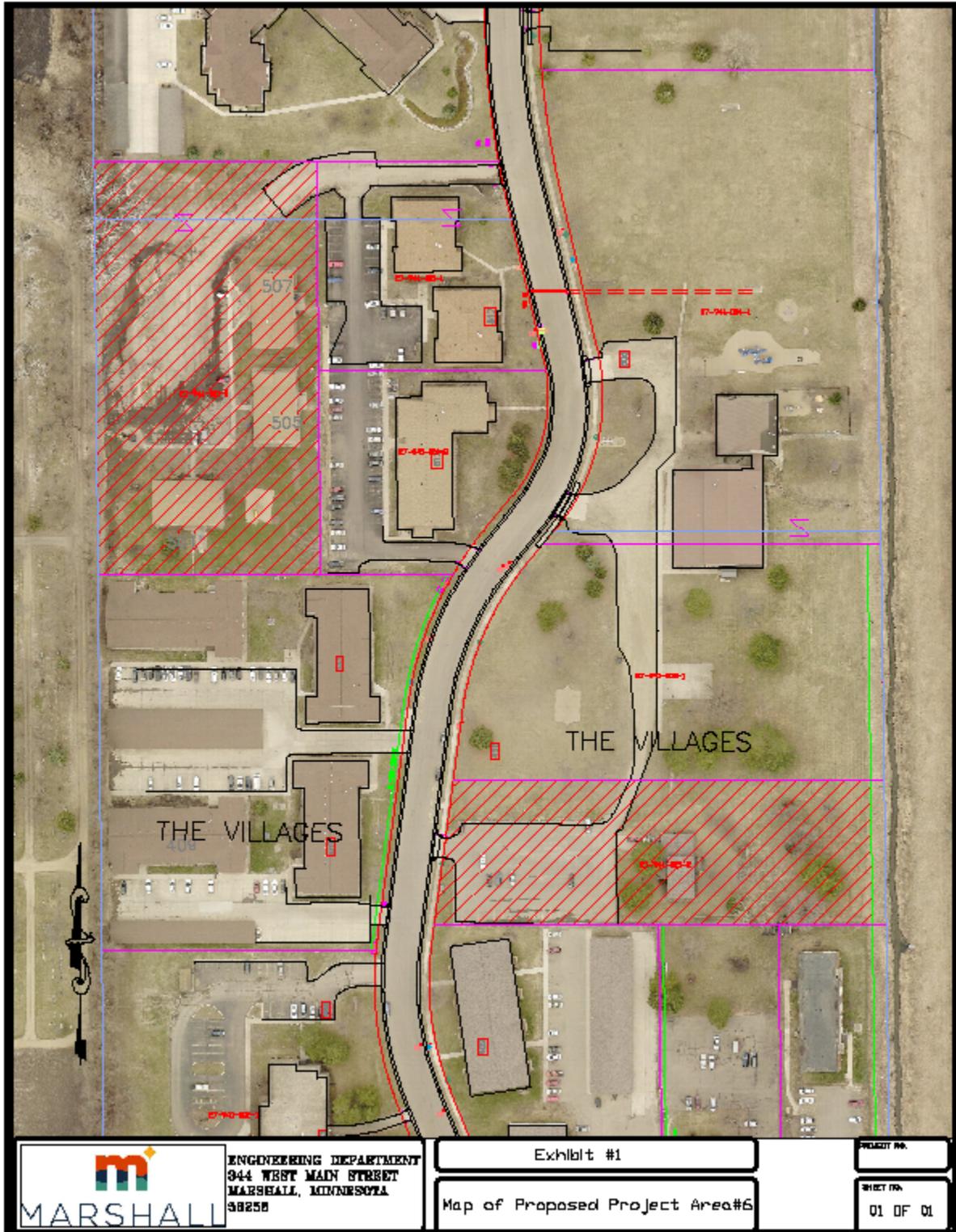
**Section L Relocation**

The City does not anticipate the need for relocation of existing persons or businesses within the Project Area. Any person or business that is displaced as a result of the Project Plan will be relocated in accordance with the provisions of the HRA Act and other applicable state law.

**Section M Amendments**

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

MAP OF PROPOSED  
REDEVELOPMENT PROJECT AREA NO. 6



# Tax Increment Financing Plan

for

## Tax Increment Financing (Housing) District No. 6-1

### (Suite Liv'n Housing Project)

**Housing and Redevelopment Authority**  
**in and for the City of Marshall**

**City of Marshall, Minnesota**

Prepared by

Baker Tilly Municipal Advisors, LLC

Draft Dated: July 27, 2021

Anticipated Approval by City Council: July 27, 2021  
Anticipated Approval by HRA Board: July 27, 2021

## TABLE OF CONTENTS

<u>Section</u>	<u>Page(s)</u>
A. Definitions .....	1
B. Overview .....	1
C. Statutory Authorization.....	2
D. Statement of Need and Public Purpose .....	2
E. Statement of Objectives.....	2
F. Boundaries of the Project Area and TIF District.....	2
G. Designation of the TIF District as a Housing District.....	2
H. Duration of the TIF District .....	3
I. Property to be Included in the TIF District.....	3
J. Property to be Acquired in the TIF District .....	4
K. Specific Development Expected to Occur Within the TIF District .....	4
L. Findings and Need for Tax Increment Financing .....	4
M. Estimated Public Costs .....	5
N. Estimated Sources of Revenue.....	6
O. Estimated Amount of Bonded Indebtedness.....	6
P. Original Net Tax Capacity .....	6
Q. Original Tax Capacity Rate .....	7
R. Projected Retained Captured Net Tax Capacity and Projected Tax Increment .....	7
S. Use of Tax Increment.....	8
T. Excess Tax Increment.....	9
U. Tax Increment Pooling and the Five Year Rule .....	9
V. Limitation on Administrative Expenses .....	9
W. Limitation on Property Not Subject to Improvements - Four Year Rule .....	10
X. Estimated Impact on Other Taxing Jurisdictions.....	10
Y. Prior Planned Improvements.....	11
Z. Development Agreements.....	11
AA. Assessment Agreements .....	11
AB. Modifications of the Tax Increment Financing Plan .....	11
AC. Administration of the Tax Increment Financing Plan .....	12
AD. Filing Financial Reporting and Disclosure Requirements .....	13
Map of the Tax Increment Financing District and Project Area.....	EXHIBIT I
TIF District Assumptions Report .....	EXHIBIT II
Projected Tax Increment Report.....	EXHIBIT III
Estimated Impact on Other Taxing Jurisdictions Report.....	EXHIBIT IV

## **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 Housing and Redevelopment Authority in and for the City of Marshall, Minnesota, a housing and redevelopment authority and a public body corporate and politic duly organized and existing under the Constitution and laws of the State.

"City" means the City of Marshall, Minnesota, a municipal corporation, and political subdivision of the State duly organized and existing under its Charter and the Constitution and laws of the State, also referred to as a "Municipality".

"City Council" means the City Council of the City.

"County" means Lyon County, Minnesota.

"Developer": means L2A LLC.

"Governing Body" means the Board of Commissioners of the Authority.

"HRA Act" means Minnesota Statutes, Sections 469.001 to 469.047, as amended.

"Project" means Project Area No. 6, as shown in the map attached as Exhibit I, which includes the property legally described in Exhibit I.

"Project Area" means Project Area No. 6 in the City, which is described in the corresponding Project Plan.

"Project Plan" means the Project Plan for the Project Area.

"School District" means Independent School District No. 413, Minnesota.

"State" means the State of Minnesota.

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

"TIF District" or "TIF District No. 6-1" means Tax Increment Financing (Housing) District No. 6-1.

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

## **Section B    Overview**

The Authority will adopt the Project Plan for Project Area No. 6. The purpose of the Project Plan is to establish a framework and implementation plan for development 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 Project Plan.

**Section C Statutory Authorization**

The HRA Act authorizes the Authority to exercise all the powers relating to a housing and redevelopment authority granted under the HRA Act, the TIF Act or other law.

It is the intention of the Board of Commissioners, notwithstanding the enumeration of specific goals and objectives in the Project Plan, that the Authority shall have and enjoy with respect to the Project Area and TIF District the full range of powers and duties conferred upon the Authority pursuant to the HRA Act, the TIF Act and such other legal authority as the Authority may have or enjoy from time to time.

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

The Authority and the City concur that there is a need for development within the City and the Project Area in order to provide affordable, workforce and life cycle housing opportunities, to improve the local tax base, and to improve the general economy of the City and the State.

The Authority finds that the property within this TIF District cannot be developed, consistent with the Comprehensive Plan of the City, without public participation and financial assistance in various forms including assistance for property acquisition, financing of additional affordable housing costs, and the making of various other public and private improvements necessary for the project. In cases where the development of the property cannot be accomplished 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 available funds, and to provide the means and impetus for such redevelopment.

**Section E Statement of Objectives**

The objectives outlined in Section D of the Project Plan are incorporated herein by reference.

**Section F Boundaries of the Project Area and TIF District**

The property within the City which constitutes the Project Area and TIF District includes the property contained within the boundaries described below and is illustrated in the map attached as Exhibit I.

The TIF District includes two tax parcels within the Project Area as shown on the attached map (Exhibit I). The Authority reserves the right to expand the boundaries of the Project Area in the future.

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

Pursuant to the TIF Act, the City seeks to create Tax Increment Financing (Housing) District No. 6-1 and adopt a TIF Plan for the TIF District. The City will review this 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 48 total units, for which the following will apply:
    - o at least 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
2. No improvements are planned other than housing and therefore no more than 20% of the square footage of buildings included in the TIF District will consist of commercial, retail, or other nonresidential uses.
3. The Authority will require in the development agreement that the income limitations for the rental units in the apartment buildings will apply for the duration of the TIF District.

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 Authority anticipates using tax increment revenues to finance the costs of TIF eligible and development costs related to construction of the new multifamily housing units within the TIF District.

## **Section H 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 TIF Plan (see Section AB) shall not extend beyond these limitations.

Pursuant to Minnesota Statutes section 469.175, subd. 1b(a)(4), the Authority specifies 2024 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, 2049; however the Authority anticipates the TIF District remaining open for no more than 15 years and 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 I Property to be Included in the TIF District**

The TIF District comprises two parcels that are currently owned by the development team. 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:

Parcel Number	Legal Description
27-941005-2	THE VILLAGES 01010001 N'LY 160' OF S'LY 564.27' OUTLOT D
27-941001-0	THE VILLAGES 01010001 THE WLY 245' OF THE NLY

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 J Property to be Acquired in the TIF District**

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

#### **Section K Specific Development Expected to Occur Within the TIF District**

The project will be comprised of new workforce apartments to be developed by L2A LLC. Each address would support a new 3-story apartment building. Each building would provide 24 dwelling units in a mix of one- and two-bedroom units for a total of 48 new units. The 24-unit apartment building proposed at 501 Village Drive would be an addition to 70 units in three buildings that are existing on the property. The 24-unit apartment building proposed at 406 Village Drive would be the only development on the property, replacing an existing single-family home (old church parsonage). In order to qualify as a housing district, at least 40% of the units will be occupied by persons or families at or below 60% of area median income. The City and Authority anticipate using tax increment revenues to finance eligible costs associated with development of the affordable housing project site, including site development and other affordable housing costs as well as related administrative expenses.

The project is expected to start construction in 2021 and continue construction through 2022 and be 100% complete as of January 2, 2023 for taxes payable 2024.

#### **Section L 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 G of this TIF Plan 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 approximately 48 newly constructed housing 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 materials submitted to the City by the developer. These documents have indicated that the costs of acquiring the property and construction of the new project, in addition to the reductions in annual revenues due to the lower rents associated with providing long-term affordable workforce 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 this 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 this TIF Plan, the City will provide an impetus for the construction of an apartment project, of which all or a portion of the units will be affordable for occupants at or less than 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 M 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.

<b>Estimated Project Costs</b>	
Land/Building acquisition	0
Site Improvements/Preparation costs	0
Utilities	0
Other public improvements	0
Construction of Affordable Housing	\$572,054
Administrative expenses	\$63,563
Estimated Tax Increment Project Costs	\$635,617
<b>Estimated Financing Costs</b>	
Interest Payments	0
Total Estimated Project/Financing Costs to be Paid from Tax Increment	\$635,617

The Authority anticipates using tax increment to the extent available to finance affordable housing costs primarily including construction of affordable housing improvements, related

administrative expenses, and 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 (\$635,617) 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 N      Estimated Sources of Revenue**

Tax Increment revenue	\$635,617
Interest on invested funds	
Land Sale Proceeds	
Other	
Total	\$635,617

The Authority anticipates providing financial assistance through the terms of a pay-as-you go note in which the developer will finance costs upfront. 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 itself for public costs incurred (see Section M).

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 O      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 \$635,617. The Authority plans to finance the project through pay-as-you-go financing to finance housing development and other eligible costs associated with providing long-term affordable workforce housing within the TIF District. 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 P      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 \$863,500. 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 \$10,794. 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 Q 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 County Auditor shall certify the sum of all local tax rates that apply to property in the TIF District for taxes levied in 2021 and payable in 2022 as the original tax capacity rate of the TIF District. Because those rates are not yet available, for purposes of estimating the tax increment generated by the TIF District, the sum of the local tax rates for taxes levied in 2020 and payable in 2021 is 129.013% as shown below.

<u>Taxing Jurisdiction</u>	<u>2020/2021 Local Tax Rate</u>
City of Marshall	59.012%
Lyon County	37.514%
ISD #413	32.334%
Other	<u>0.153%</u>
Total	129.013%

**Section R 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 S 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 M) and County administrative costs associated with the TIF District (see Section V);
- (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 increment 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 increment 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 increment 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 T 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 any outstanding 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 U 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 does not anticipate that allowable pooling expenditures will be made outside of the TIF District, but such expenditures are expressly authorized in this TIF Plan.

**Section V 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 increment 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 W    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 X    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 TIF district is estimated to be \$637,913.
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 financing the project through the issuance of a tax increment financing note supported by future tax increments. The City also reserves the right to use internal financing or bonding, as necessary, to finance a portion of the project costs attributable to the TIF District. Tax increment project revenues from the TIF District and project will repay any issued obligations.
3. The amount of tax increment 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 \$159,878.
4. The amount of tax increment 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 \$185,490.

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 Y 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 Z 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.

### **Section AA 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 and/or Registrar of Titles 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 anticipates entering into an assessment agreement with the developer.

### **Section AB 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; a determination to capitalize interest if that determination was not part of the original TIF Plan; 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 Authority 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 AC 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 or City Assessor any assessment agreement establishing the minimum market value of land and improvements in the TIF District and shall request that the County or City 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 this 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;

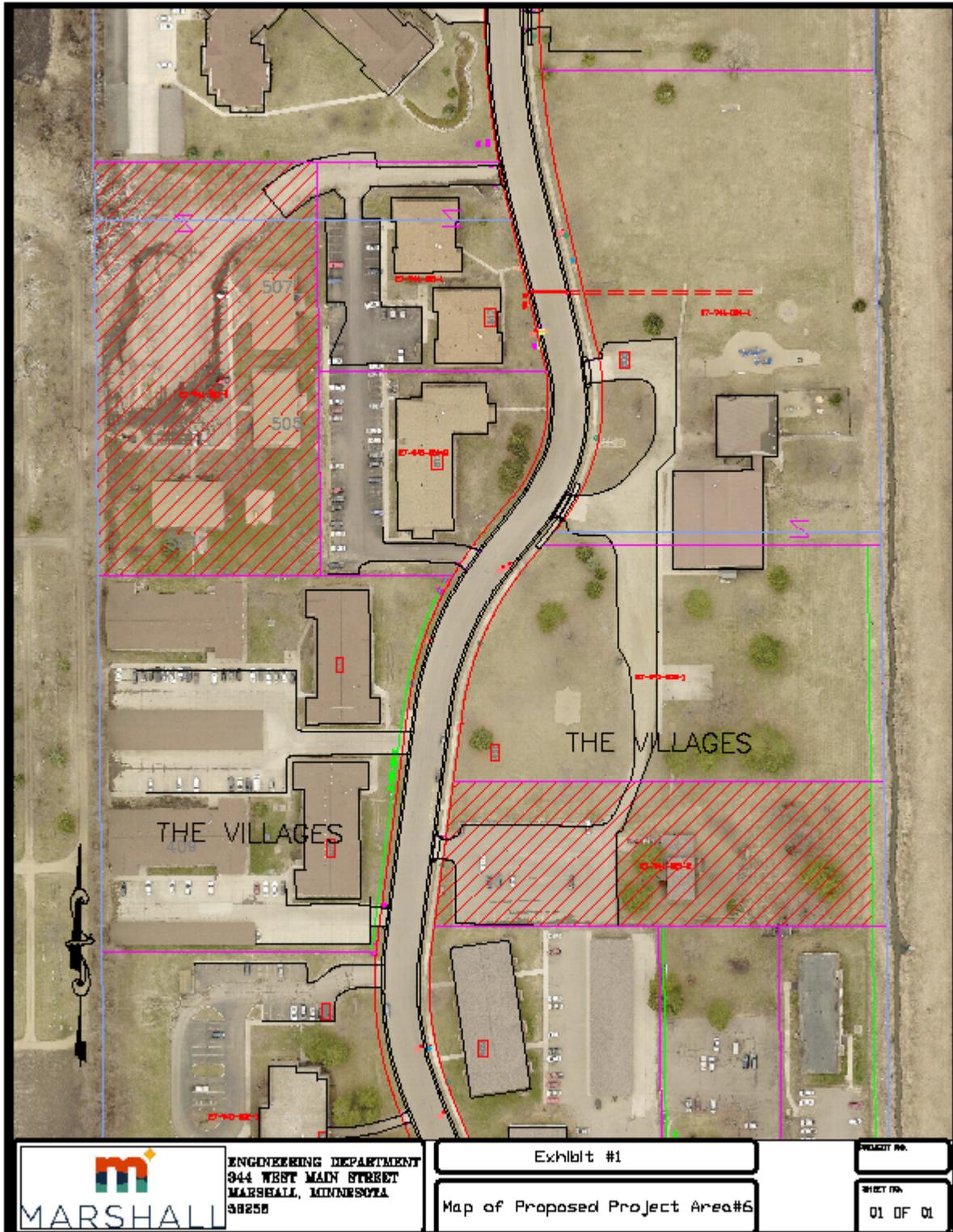
- (c) if the TIF District is classified as an economic development district, then the original net tax capacity shall be increased by the amount of the annual adjustment factor; and
- (d) if laws governing the classification of real property cause changes to the percentage of estimated market value to 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 AD Filing TIF Plan, Financial Reporting and Disclosure Requirements**

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

**MAP OF PROPOSED  
TAX INCREMENT FINANCING (HOUSING) DISTRICT NO. 6-1  
AND  
PROJECT AREA NO. 6**





**Projected Tax Increment Report**

**City of Marshall  
Tax Increment Financing (Housing) District No. 6-1  
Suite Liv'n Proposed 48-Unit Housing Project  
TIF Revenues - 15 Years**

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 (5)	Times: Tax Capacity Rate <sup>(4)</sup> (6)	Annual Gross Tax Increment (7)	Less: State Aud. Deduction 0.360% (8)	Subtotal Net Tax Increment (9)	Less: Admin. Retainage 10.00% (10)	Annual Net Revenue (11)	P.V. Annual Net Rev. To 02/01/22 4.00%
12/31/22	863,500	10,794	10,794	0	129.013%	0	0	0	0	0	0
12/31/23	863,500	10,794	10,794	0	129.013%	0	0	0	0	0	0
12/31/24	3,320,900	41,511	10,794	30,718	129.013%	39,630	143	39,487	3,949	35,538	31,697
12/31/25	3,345,474	41,818	10,794	31,025	129.013%	40,026	144	39,882	3,988	35,894	30,783
12/31/26	3,370,294	42,129	10,794	31,335	129.013%	40,426	146	40,280	4,028	36,252	29,894
12/31/27	3,395,362	42,442	10,794	31,648	129.013%	40,830	147	40,683	4,068	36,615	29,032
12/31/28	3,420,680	42,759	10,794	31,965	129.013%	41,239	148	41,091	4,109	36,982	28,195
12/31/29	3,446,252	43,078	10,794	32,284	129.013%	41,651	150	41,501	4,150	37,351	27,381
12/31/30	3,472,080	43,401	10,794	32,607	129.013%	42,068	151	41,917	4,192	37,725	26,592
12/31/31	3,498,165	43,727	10,794	32,933	129.013%	42,488	153	42,335	4,234	38,101	25,824
12/31/32	3,524,512	44,056	10,794	33,263	129.013%	42,913	154	42,759	4,276	38,483	25,080
12/31/33	3,551,122	44,389	10,794	33,595	129.013%	43,342	156	43,186	4,319	38,867	24,356
12/31/34	3,577,998	44,725	10,794	33,931	129.013%	43,776	158	43,618	4,362	39,256	23,653
12/31/35	3,605,143	45,064	10,794	34,271	129.013%	44,213	159	44,054	4,405	39,649	22,971
12/31/36	3,632,560	45,407	10,794	34,613	129.013%	44,656	161	44,495	4,450	40,045	22,308
12/31/37	3,660,250	45,753	10,794	34,959	129.013%	45,102	162	44,940	4,494	40,446	21,665
12/31/38	3,688,218	46,103	10,794	35,309	129.013%	45,553	164	45,389	4,539	40,850	21,040
12/31/39	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/40	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/41	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/42	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/43	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/44	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/45	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/46	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/47	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/48	863,500	0	0	0	129.013%	0	0	0	0	0	0
12/31/49	863,500	0	0	0	129.013%	0	0	0	0	0	0
						\$637,913	\$2,296	\$635,617	\$63,563	\$572,054	\$390,471

\* election to delay receipt of first increment until up to 2024 (up to 4 years from approval date)  
 (1) Total estimated market value based on information provided by City Assessor (\$51,196/unit incremental value)  
**preliminary and subject to further review. Includes 1% annual market value inflator**  
 (2) Total net tax capacity based on residential rental class rate of 1.25%  
 (3) Original net tax capacity based on 2020/2021 existing property value  
 (4) Total local combined tax rate available for taxes payable 2021

**Estimated Impact on Other Taxing Jurisdictions Report**

**City of Marshall  
 Tax Increment Financing (Housing) District No. 6-1  
 Suite Liv'n Proposed 48-Unit Housing Project  
 Draft TIF Plan Exhibits: \$2.457M incremental value**

Taxing Jurisdiction	Without Project or TIF District		With Project and TIF District					
	2020/2021 Taxable Net Tax Capacity (1)	2020/2021 Local Tax Rate	2020/2021 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 Marshall	12,317,601	59.012%	12,317,601	\$39,393	12,356,994	58.824%	0.188%	23,173
Lyon County	39,640,163	37.514%	39,640,163	39,393	39,679,556	37.477%	0.037%	14,763
ISD #413	19,021,259	32.334%	19,021,259	39,393	19,060,652	32.267%	0.067%	12,711
Other (2)	---	0.153%	---	39,393	---	0.153%	---	---
<b>Totals</b>		<b>129.013%</b>				<b>128.721%</b>	<b>0.292%</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 0.292% (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 - fiscal disparity contribution, if applicable.
- (2) The impact on these taxing jurisdictions has not been calculated. They represent 0.12% of the total tax rate.