

**CITY OF ALBERT LEA
PLANNING COMMISSION
ADVISORY BOARD**

*9/9/2014, 5:30 p.m.
City Council Chambers*

AGENDA

- A. CALL TO ORDER AND ROLL CALL
- B. APPROVAL OF THE AGENDA
- C. APPROVAL OF MINUTES
 - 1. PC Minutes from August 5, 2014
- D. PUBLIC HEARINGS
- E. NEW BUSINESS
 - 1. Consider consistency with the Comprehensive Plan for the requested establishment of a Tax Increment Finance District for the proposed St. John's Lutheran Home Continuing Care Community located at 1791 Country Club Road – PID 344420010
- F. OLD BUSINESS
- G. COMMISSIONER COMMUNICATIONS
- H. STAFF COMMUNICATIONS
 - 1. Discuss sale of goods in the right-of-way
- I. ADJOURNMENT

CITY OF ALBERT LEA
PLANNING COMMISSION
ADVISORY BOARD
MEETING MINUTES

*8/05/14 5:30 pm
City Center - Council Chambers*

Members Present

Rick Mummert
John Severtson
Thayne Nordland
Jon Murray
David Gross

Members Absent

Pam Schmidt
Doug Olson
Larry Baker, Ex-Officio

Staff in Attendance

Breanne Rothstein, Planner
Sack Thongvanh, Assistant City Manager
Jennifer Nelson, Office Assistant

Interested Parties

Warren P. Smith, Licensed Land Surveyor & President with Survey Services
Troy Schrom, TSB Janesville, LLC

Vice Chair, David Gross called the meeting to order at 5:33 p.m.

Approval of the Agenda

John Severtson made a motion to approve the agenda and Thayne Nordland seconded the motion. The agenda was approved unanimously on a voice vote.

Approval of Minutes

A motion was made by Thayne Nordland to approve the minutes from 7/1/14 and Rick Mummert seconded the motion. The minutes were approved unanimously on a voice vote.

Public Hearings

Staff reports prepared by Breanne Rothstein, Planner WSB & Associates, Inc. becomes part of these minutes by reference.

The first public hearing is to consider a request from Jared Dawson for preliminary and final plat for Summerdale Townhomes First Subdivision on the property located on the southwest corner of Keystone and Crystal Drives.

Breanne Rothstein presented staff recommendations.

Widths and depths are a little different for semi-detached homes than single family homes.

Breanne noted also she is finding researching for the housing study that this type of housing is in high demand.

Public Hearing for Summerdale Townhomes preliminary and final plat was opened at 5:40 p.m.

Public Hearing for Summerdale Townhomes preliminary and final plat was closed at 5:40 p.m.

John Severtson asked why the city doesn't require developers to build parks any more. Breanne advised City policy is to take cash in lieu of a park. This money goes into a park dedication fund. The park commission would have to make a recommendation on what the money is spent on which can only be used for capital improvements such as the construction of a new park or improvement of an existing park. The city also has to be mindful of maintenance costs associated with constructing a new park.

A motion was made by David Gross and seconded by Rick Mummert to recommend approval of the preliminary plat and final plat application. Approved on a 5-0 roll call vote subject to the following conditions:

1. The developer amend the preliminary and final plat sheet to reflect the platting of only the 6 southern lots;
2. The developer submit a final plat sheet for review and acceptance;
3. The developer shall make a payment in lieu of parkland dedication to the city in the amount of \$1,147 prior to the City Clerk signing the plat.
4. Payment for sanitary sewer and water development fees in the amount of \$1,800 per dwelling unit or \$3,600 per building shall be paid to the City at the time of building permit issuance;
5. The resolution approving the Summerdale Townhomes Fifth Addition shall be recorded with the Plat.

The second public hearing is to consider a request for a zoning amendment from TSB Janesville, LLC to rezone the property located generally at the southeast corner of 11th Street and Viking Drive from R-1 Density Residential to PD-Planned Development District;

The third public hearing is to consider a request for a conditional use permit from TSB Janesville, LLC to develop rental townhomes in a PD-Planned Development District on the property located generally at the southeast corner of 11th Street and Viking Drive;

Fourth public hearing is to consider a request for a Preliminary Plat for TSB Subdivision from TSB Janesville, LLC to subdivide the existing 11 acre lot into four developable lots and three out lots to accommodate a townhome development on the property located generally at the southeast corner of 11th Street and Viking Drive;

Consider a request for final plat from TSB Subdivision from TSB Janesville, LLC, to be platted in accordance with their preliminary plat request.

Staff recommends to open all public hearings simultaneously. Breanne Rothstein presented. The proposal for the Planning Commission for consideration tonight is an application from TSB Janesville, LLC for a zoning amendment conditional use permit, a preliminary plat, and a final plat to subdivide and allow a 24 unit, rental townhome development on the property generally located on the southeast corner of Viking Drive and 11th Street.

Public Hearing for all TSB Janesville, LLC proposals for 24 unit rental town home development opened at 5:51 p.m.

Breanne advised the reason a CUP is required because this project/proposal exceeds allowed density.

John Severtson asked if this will be private. Private street, storm water and utilities are proposed. Severtson was concerned if the streets and utilities are private they will not be maintained to the City's standards. Warren P. Smith on behalf of the project advised if they are not maintained they would not be able to maximize their rent capability. Breanne advised there is provision to allow the developer to maintain a private road.

These will be two story townhomes with two parking stalls per unit.

John Severtson advised he doesn't think this type of project is a good fit for this location.

Breanne Rothstein advised this is a defined area on the proposed redevelopment map.

Sack Thongvanh advised the city will have to take a look at who is using the road. Eleventh St will not be reconstructed and the mill and overlay maybe will not happen for another 20 years.

Not sure at this time if they would stub into 11th St or Viking.

Rick Mummert commented the parking is addressed very well.

The elevations were not added to the packet, the developer had pictures of their existing townhome they built in Eagle Lake as examples to pass around.

John Severtson asked Troy Schrom if these townhomes would be market rate rentals, Troy advised they would be.

Smith advised they also plan on leaving more green space. Eagle Lake townhomes are also built next to Mobile Home Park, berms and fencing was constructed for screening. There is also a possibility of a second pond/retention basin to control run-off. ZRT is the project engineer and the storm water and all utilities would be built to city specs. Street lighting would take an appearance of the city street lights although would be privately funded. Most traffic besides emergency vehicles will exit/enter on 11th St.

Breanne advised the draft housing study is showing Albert Lea has the need for rental units. The numbers show 80-100 units over the next several years with a pent up demand for 30-40 units.

Warren Smith feels this project is a good fit for this location and will provide a good transition from Mobile Home Park to single family homes.

There is a 10' wide easement on the plat and 50' utility corridor. There is a 10' easement over private lots and a certificate of dedication is being reserved as private use. This language was recommended by the City Engineer. This would be private property and not maintained by the city.

Public Hearing was closed at 6:12 p.m.

A motion was made by .Thayne Nordland and seconded by Rick Mummert to recommend that the City Council approve the below motions, Approved on a 4-1 roll call vote subject to the following conditions;

- 1) Development of the site in accordance with the approved plans, as outlined on the plans, as outlined on the plan set dated June 2014;
- 2) Amendment of the building elevations to indicate additional architectural features, to be discussed and agreed upon between the city and developer;
- 3) Addressing the comments outlined in the engineering memo dated July 14, 2014;
- 4) Approval by the City Engineer of drainage calculations and grading plans;
- 5) Approval by the City Engineer of the design of the sanitary sewer and water designs;
- 6) Approval by the Public Safety Department of all accesses, drive aisles, and turnaround areas;
- 7) Entering into a development agreement with the City of Albert Lea, including the payment of all required sewer and water trunk charges, park dedications and sureties.

Motion to recommend approval of a request for a zoning amendment from TSB Janesville, LLC to re-zone the property located generally at the southeast corner of 11th Street and Viking Drive from R-1 Density Residential to PD-Planned Development District;

Motion to adopt findings of fact as listed in the staff report and recommend approval of a request for a conditional use permit from TSB Janesville, LLC to develop rental townhomes in a PD-Planned

Development District on the property located generally at the southeast corner of 11th Street and Viking Drive;

Motion to recommend approval of a request for a preliminary plat for TSB Subdivision from TSB Janesville, LLC to subdivide the existing 11 acre lot into four developable lots and three out lots to accommodate a townhome development on the property located generally at the southeast corner of 11th Street and Viking Drive;

Consider a request for final plat from TSB Subdivision from TSB Janesville, LLC, to be platted in accordance with their preliminary plat request.

The fourth public hearing is to consider a Comprehensive Plan Amendment to Addend the Albert Lea Re-development Plan to the City of Albert Lea Comprehensive Plan

Breanne presented the proposed re-development map including the following nine areas;

- Downtown and Diversified Central District zoning areas- 130 acres
 - Blazing Star Site-56 acres
 - Main Street Area- 55 acres
 - South Broadway-59 acres
 - Mixed Residential Area- 27 acres
 - City's Gateway- 24 acres
 - Eberhardt Area- 26 acres
 - West Main at Hwy 69- 43 acres
 - Future Bridge Avenue- 9 acres
 - Waterfront Mixed-Use- 7 acres
- 1) This map will serve as a handbook for developers to utilize when searching for property that fits their needs
 - 2) To highlight areas where the city is targeting it acquisition of tax-forfeited and otherwise available land for possible purchase;
 - 3) To identify areas that might be eligible for federal, state, or local grants, loans, or development assistance (tax increment financing, tax abatement, and other tools) for re-development opportunities.

This public hearing is to reach out to and hear from the public and other stakeholders to further facilitate this discussion.

Public Hearing was opened at 6:16 p.m.

Jon Murray recommended removal of the last sentence under The Waterfront Mixed-Use section. To leave these areas open to all possibilities.

Jon Murray commented on Bridge between Clark and Fountain from the Catholic Church to the car wash needs serious work and has safety issues. He asked if this area could be vacated. Safety issues would have to be taken care of before improvement in the waterfront location could be done do to issues with traffic issues by the (Nelson Center) gas station. Also questioned the future plans for Bridge St.

Rick Mummert likes the idea of identifying locations to offer incentives for businesses and residences.

David Gross commented he was happy to see West Main St/Hwy 69 are included in the map.

Public Hearing was closed at 6:35 p.m.

A motion was made by Rick Mummert and seconded by Thayne Nordland to recommend that the City Council approve a Comprehensive Plan Amendment to addend the Redevelopment Plan. Approved on a 5-0 roll call vote.

Old Business-None

New Business:-None

Commissioner Communications-None

Staff Communications:- None

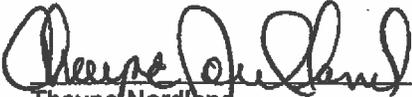
Adjournment

The meeting was adjourned at 6:37 p.m. on August 5, 2014 motion by John Severtson and seconded by David Gross.

Respectfully submitted,

Breanne Rothstein, City Planner

Approved:


Thayne Nordland
Planning Commission Secretary

**PLANNING COMMISSION
CITY OF ALBERT LEA, MINNESOTA**

RESOLUTION NO. _____

**RESOLUTION OF THE CITY OF ALBERT LEA PLANNING COMMISSION
FINDING THAT A MODIFICATION TO THE DEVELOPMENT PROGRAM
FOR DEVELOPMENT DISTRICT NO. 5 AND A TAX INCREMENT
FINANCING PLAN FOR TAX INCREMENT FINANCING DISTRICT NO. 5-24
CONFORMS TO THE GENERAL PLANS FOR THE DEVELOPMENT AND
REDEVELOPMENT OF THE CITY.**

WHEREAS, the City of Albert Lea (the "City") has proposed to adopt a Modification to the Development Program for Development District No. 5 (the "Development Program Modification") and a Tax Increment Financing Plan for Tax Increment Financing District No. 5-24 (the "TIF Plan") therefor (the Development Program Modification and the TIF Plan are referred to collectively herein as the "Program and Plan") and has submitted the Program and Plan to the City Planning Commission (the "Commission") pursuant to Minnesota Statutes, Section 469.175, Subd. 3, and

WHEREAS, the Commission has reviewed the Program and Plan to determine their conformity with the general plans for the development and redevelopment of the City as described in the comprehensive plan for the City.

NOW, THEREFORE, BE IT RESOLVED by the Commission that the Program and Plan conform to the general plans for the development and redevelopment of the City as a whole.

Dated: September 2, 2014

Chair

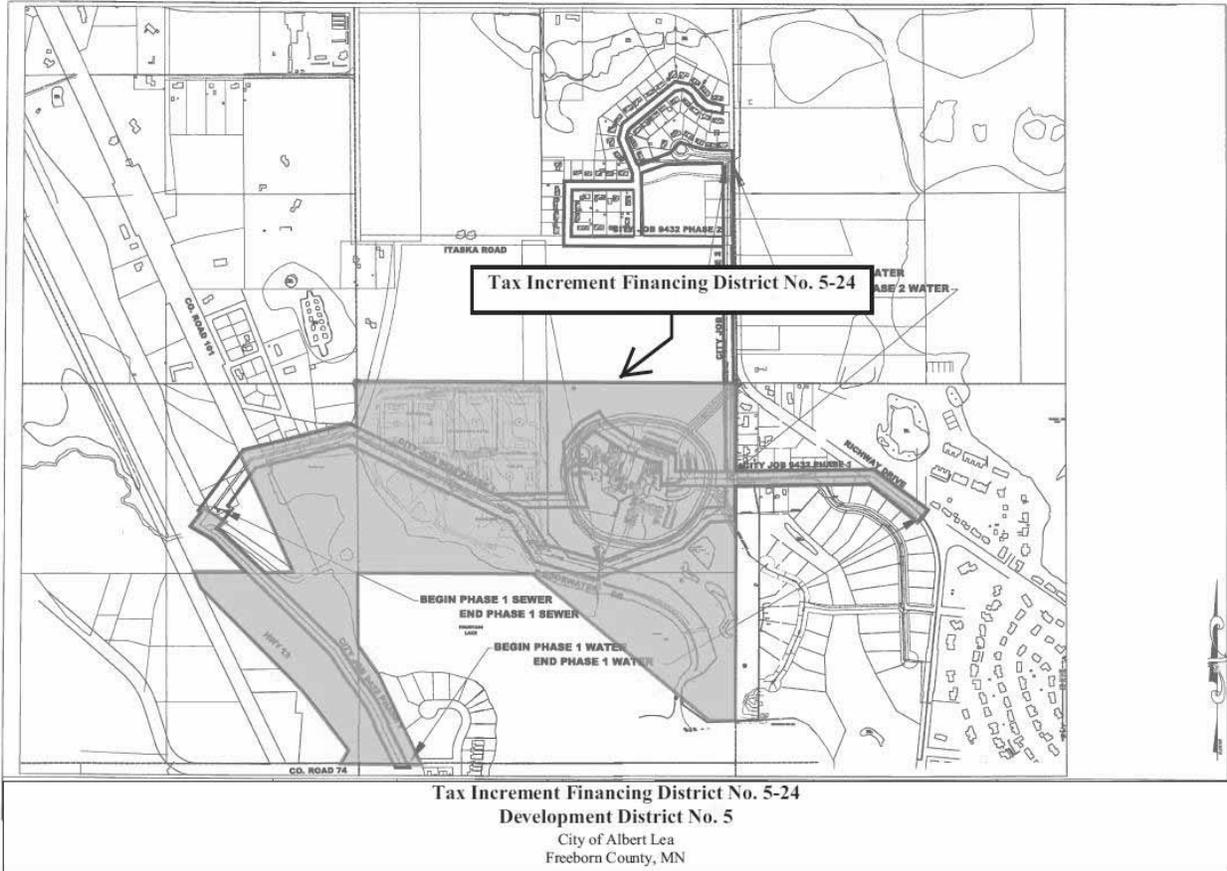
ATTEST:

Secretary

Authorized uses:	The TIF Plan contains a budget that authorizes the maximum amount that may be expended: Land/Building Acquisition.....\$300,000 Site Improvements/Preparation.....\$300,000 Utilities.....\$1,500,000 Other Qualifying Improvements.....\$1,773,883 Administrative Costs (up to 10%).....\$646,704 PROJECT COSTS TOTAL\$4,520,587 Interest.....\$2,593,154 PROJECT COSTS TOTAL <u>\$7,113,741</u>
	See Subsection 2-10, on page 2-5 of the TIF Plan for the full budget authorization.
Form of financing:	The project is proposed to be financed by a combination of bond issue, pay-as-you-go note, and interfund loan.
Administrative fee:	Up to 10% of annual increment, if costs are justified.
Interfund Loan Requirement:	If the City wants to pay for administrative expenditures from a tax increment fund, it is recommended that a resolution authorizing a loan from another fund be passed <i>PRIOR</i> to the issuance of the check.
4 Year Activity Rule (§ 469.176 Subd. 6)	After four years from the date of certification of the District one of the following activities must have been commenced on each parcel in the District: <ul style="list-style-type: none"> • Demolition • Rehabilitation • Renovation • Other site preparation (not including utility services such as sewer and water) If the activity has not been started by approximately April 2013, no additional tax increment may be taken from that parcel until the commencement of a qualifying activity.

The reasons and facts supporting the findings for the adoption of the TIF Plan for the District, as required pursuant to *M.S., Section 469.175, Subd. 3*, are included in Exhibit A of the City resolution.

MAP OF DEVELOPMENT DISTRICT NO. 5 AND
TAX INCREMENT FINANCING DISTRICT NO. 5-24





*As of August 26, 2014
Draft for Planning Commission*

**Modification to the Development Program
for Development District No. 5**

and the

Tax Increment Financing Plan

for the establishment of

**Tax Increment Financing District No. 5-24
(a housing district)**

within

Development District No. 5

City of Albert Lea
Freeborn County
State of Minnesota

Public Hearing: September 8, 2014
Adopted:



Prepared by: EHLERS & ASSOCIATES, INC.
3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105
651-697-8500 fax: 651-697-8555 www.ehlers-inc.com

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***Section 1 - Modification to the Development Program
for Development District No. 5***

Foreword

The following text represents a Modification to the Development Program for Development District No. 5. This modification represents a continuation of the goals and objectives set forth in the Development Program for Development District No. 5. Generally, the substantive changes include the establishment of Tax Increment Financing District No. 5-24.

For further information, a review of the Development Program for Development District No. 5 is recommended. It is available from the Finance Director at the City of Albert Lea. Other relevant information is contained in the Tax Increment Financing Plans for the Tax Increment Financing Districts located within Development District No. 5.

Section 2 - Tax Increment Financing Plan for Tax Increment Financing District No. 5-24

Subsection 2-1. Foreword

The City of Albert Lea (the "City"), staff and consultants have prepared the following information to expedite the establishment of Tax Increment Financing District No. 5-24 (the "District"), a housing tax increment financing district, located in Development District No. 5.

Subsection 2-2. Statutory Authority

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the City has certain statutory powers pursuant to *Minnesota Statutes ("M.S.")*, Sections 469.124 to 469.133, inclusive, as amended, and *M.S.*, Sections 469.174 to 469.1794, inclusive, as amended (the "Tax Increment Financing Act" or "TIF Act"), to assist in financing public costs related to this project.

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Development Program for Development District No. 5.

Subsection 2-3. Statement of Objectives

The District currently consists of three parcels of land and adjacent and internal rights-of-way. The District is being created to facilitate the construction of a multi-phase senior housing development in the City. Please see Appendix A for further District information. The City has not entered into an agreement, but it anticipates entering into an agreement with St. John's Lutheran Home in the fall of 2014. Development is likely to begin in the fall of 2014. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for Development District No. 5.

The activities contemplated in the Modification to the Development Program and the TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of Development District No. 5 and the District.

Subsection 2-4. Development Program Overview

1. Property to be Acquired - Selected property located within the District may be acquired by the City and is further described in this TIF Plan.
2. Relocation - Relocation services, to the extent required by law, are available pursuant to *M.S., Chapter 117* and other relevant state and federal laws.
3. Upon approval of a developer's plan relating to the project and completion of the necessary legal requirements, the City may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.
4. The City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.

Subsection 2-5. Description of Property in the District and Property To Be Acquired

The District encompasses all property and adjacent rights-of-way and abutting roadways identified by the parcels listed in Appendix C of this TIF Plan. Please also see the map in Appendix B for further information on the location of the District.

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

Subsection 2-6. Classification of the District

The City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1794*, as amended, inclusive, finds that the District, to be established, is a housing district pursuant to *M.S., Section 469.174, Subd. 11 and M.S., Section 469.1761* as defined below:

M.S., Section 469.174, Subd.11:

"Housing district" means a type of tax increment financing district which consists 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, any other similar present or future federal, state, or municipal legislation, or the regulations promulgated under any of those acts, and that satisfies the requirements of M.S., Section 469.1761. Housing project means a project, or portion of a project, that meets all the qualifications of a housing district under this subdivision, whether or not actually established as a housing district.

M.S., Section 469.1761:

Subd. 1. Requirement imposed.

(a) In order for a tax increment financing district to qualify as a housing district:

(1) the income limitations provided in this section must be satisfied; and

(2) no more than 20 percent of the square footage of buildings that receive assistance from tax increments may consist of commercial, retail, or other nonresidential uses.

(b) The requirements imposed by this section apply to property receiving assistance financed with tax increments, including interest reduction, land transfers at less than the Authority's cost of acquisition, utility service or connections, roads, parking facilities, or other subsidies. The provisions of this section do not apply to districts located within a targeted area as defined in Section 462C.02 Subd 9, clause (e).

(c) For purposes of the requirements of paragraph (a), the authority may elect to treat an addition to an existing structure as a separate building if:

- (1) construction of the addition begins more than three years after construction of the existing structure was completed; and
- (2) for an addition that does not meet the requirements of paragraph (a), clause (2), if it is treated as a separate building, the addition was not contemplated by the tax increment financing plan which includes the existing structure.

Subd. 2. Owner occupied housing.

For owner occupied residential property, 95 percent 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.

Subd. 3. Rental property.

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 requirements of this subdivision apply for the duration of the tax increment financing district.

Subd. 4. Noncompliance; enforcement.

Failure to comply with the requirements of this section is subject to M.S., Section 469.1771.

In meeting the statutory criteria the City relies on the following facts and findings:

- The District consists of three parcels.
- The development will consist of a senior housing campus, including 32 units of senior rental housing in Phase I. Phase II will include independent living.
- 40% of the units will be occupied by person with incomes less than 60% of median income

Pursuant to *M.S., Section 469.176, Subd. 7*, the District does not contain any parcel or part of a parcel that qualified under the provisions of *M.S., Sections 273.111 or 273.112 or Chapter 473H* for taxes payable in any of the five calendar years before the filing of the request for certification of the District.

Subsection 2-7. Duration and First Year of Tax Increment of the District

Pursuant to *M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1*, the duration and first year of tax increment of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the District will be 25 years after receipt of the first increment by the City (a total of 26 years of tax increment). The City elects to receive the first tax increment in 2017, which is no later than four years following the year of approval of the District. Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2042, or when the TIF Plan is satisfied. The City reserves the right to decertify the District prior to the legally required date.

Subsection 2-8. Original Tax Capacity, Tax Rate and Estimated Captured Net Tax Capacity Value/Increment and Notification of Prior Planned Improvements

Pursuant to *M.S., Section 469.174, Subd. 7 and M.S., Section 469.177, Subd. 1*, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor in 2014 for taxes payable 2015.

Pursuant to *M.S., Section 469.177, Subs. 1 and 2*, the County Auditor shall certify in each year (beginning

in the payment year 2017) the amount by which the original value has increased or decreased as a result of:

1. Change in tax exempt status of property;
2. Reduction or enlargement of the geographic boundaries of the district;
3. Change due to adjustments, negotiated or court-ordered abatements;
4. Change in the use of the property and classification;
5. Change in state law governing class rates; or
6. Change in previously issued building permits.

In any year in which the current Net Tax Capacity (NTC) value of the District declines below the ONTC, no value will be captured and no tax increment will be payable to the City.

The original local tax rate for the District will be the local tax rate for taxes payable 2015, assuming the request for certification is made before June 30, 2015. The ONTC and the Original Local Tax Rate for the District appear in the table below.

Pursuant to *M.S., Section 469.174 Subd. 4* and *M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within Development District No. 5, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The City requests 100 percent of the available increase in tax capacity for repayment of its obligations and current expenditures, beginning in the tax year payable 2017. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Estimated Tax Capacity upon Completion (PTC)	\$235,847	
Original Estimated Net Tax Capacity (ONTC)	\$4,000	
Estimated Captured Tax Capacity (CTC)	\$231,847	
Original Local Tax Rate	1.38072	Pay 2014
Estimated Annual Tax Increment (CTC x Local Tax Rate)	\$320,116	
Percent Retained by the City	100%	

Tax capacity includes a 2% inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 25. The tax capacity of the District in year one is estimated to be \$126,103.

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

The City has reviewed the area to be included in the District and found no parcels for which building permits have been issued during the 18 months immediately preceding approval of the TIF Plan by the City.

Subsection 2-9. Sources of Revenue/Bonds to be Issued

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

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

<u>SOURCES OF FUNDS</u>	<u>TOTAL</u>
Tax Increment	\$6,467,037
<u>Interest</u>	<u>\$646,704</u>
TOTAL	\$7,113,741

The City may issue bonds (as defined in the TIF Act) secured in whole or in part with tax increments from the District in a maximum principal amount of \$4,520,587. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

Subsection 2-10. Uses of Funds

Currently under consideration for the District is a proposal to facilitate the construction of a multi-phase senior housing development.. The City has determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described. The City has studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

<u>USES OF TAX INCREMENT FUNDS</u>	<u>TOTAL</u>
Land/Building Acquisition	\$300,000
Site Improvements/Preparation	\$300,000
Utilities	\$1,500,000
Other Qualifying Improvements	\$1,773,883
<u>Administrative Costs (up to 10%)</u>	<u>\$646,704</u>
PROJECT COST TOTAL	\$4,520,587
<u>Interest</u>	<u>\$2,593,154</u>
PROJECT AND INTEREST COSTS TOTAL	\$7,113,741

The total project cost, including financing costs (interest) listed in the table above does not exceed the total projected tax increments for the District as shown in Subsection 2-9.

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

Subsection 2-11. Business Subsidies

Pursuant to *M.S., Section 116J.993, Subd. 3*, the following forms of financial assistance are not considered a business subsidy:

- (1) A business subsidy of less than \$150,000;
- (2) Assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;
- (3) Public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
- (4) Redevelopment property polluted by contaminants as defined in *M.S., Section 116J.552, Subd. 3*;
- (5) Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and assistance provided for designated historic preservation districts, provided that the assistance is equal to or less than 50% of the total cost;
- (6) Assistance to provide job readiness and training services if the sole purpose of the assistance is to provide those services;
- (7) Assistance for housing;
- (8) Assistance for pollution control or abatement, including assistance for a tax increment financing hazardous substance subdistrict as defined under *M.S., Section 469.174, Subd. 23*;
- (9) Assistance for energy conservation;
- (10) Tax reductions resulting from conformity with federal tax law;
- (11) Workers' compensation and unemployment compensation;
- (12) Benefits derived from regulation;
- (13) Indirect benefits derived from assistance to educational institutions;
- (14) Funds from bonds allocated under chapter 474A, bonds issued to refund outstanding bonds, and bonds issued for the benefit of an organization described in section 501 (c) (3) of the Internal Revenue Code of 1986, as amended through December 31, 1999;
- (15) Assistance for a collaboration between a Minnesota higher education institution and a business;
- (16) Assistance for a tax increment financing soils condition district as defined under *M.S., Section 469.174, Subd. 19*;
- (17) Redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value;
- (18) General changes in tax increment financing law and other general tax law changes of a principally technical nature;
- (19) Federal assistance until the assistance has been repaid to, and reinvested by, the state or local government agency;
- (20) Funds from dock and wharf bonds issued by a seaway port authority;
- (21) Business loans and loan guarantees of \$150,000 or less;
- (22) Federal loan funds provided through the United States Department of Commerce, Economic Development Administration; and
- (23) Property tax abatements granted under *M.S., Section 469.1813* to property that is subject to valuation under Minnesota Rules, chapter 8100.

The City will comply with *M.S., Sections 116J.993 to 116J.995* to the extent the tax increment assistance under this TIF Plan does not fall under any of the above exemptions.

Subsection 2-12. County Road Costs

Pursuant to *M.S., Section 469.175, Subd. 1a*, the county board may require the City to pay for all or part of the cost of county road improvements if the proposed development to be assisted by tax increment will, in the judgment of the county, substantially increase the use of county roads requiring construction of road improvements or other road costs and if the road improvements are not scheduled within the next five years under a capital improvement plan or within five years under another county plan.

If the county elects to use increments to improve county roads, it must notify the City within forty-five days of receipt of this TIF Plan. In the opinion of the City and consultants, the proposed development outlined in this TIF Plan will have little or no impact upon county roads, therefore the TIF Plan was not forwarded to the county 45 days prior to the public hearing. The City is aware that the county could claim that tax increment should be used for county roads, even after the public hearing.

Subsection 2-13. Estimated Impact on Other Taxing Jurisdictions

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

IMPACT ON TAX BASE			
	2013/Pay 2014 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) Upon Completion	Percent of CTC to Entity Total
Freeborn County	39,535,195	231,847	0.5864%
City of Albert Lea	9,345,408	231,847	2.4809%
Albert Lea ISD No. 241	19,325,428	231,847	1.1997%

IMPACT ON TAX RATES				
	Pay 2014 Extension Rates	Percent of Total	CTC	Potential Taxes
Freeborn County	0.486530	35.24%	231,847	112,801
City of Albert Lea	0.620500	44.94%	231,847	143,861
Albert Lea ISD No. 241	0.249300	18.06%	231,847	57,799
Other	<u>0.024390</u>	<u>1.77%</u>	<u>231,847</u>	<u>5,655</u>
Total	1.380720	100.00%		320,116

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the actual Pay 2014 rate. The total net capacity for the entities listed above are based

on actual Pay 2014 figures. The District will be certified under the actual Pay 2015 rates, which were unavailable at the time this TIF Plan was prepared.

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

- (1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is \$6,467,037;
- (2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is not expected. With any addition of new residents or businesses, police calls for service will be increased. New developments add an increase in traffic, and additional overall demands to the call load. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment.

The probable impact of the District on fire protection is not expected to be significant. Typically new buildings generate few calls, if any, and are of superior construction.

An impact of the District on public infrastructure is expected. An extension to the water and sewer infrastructure will be required for the development, as well as the construction of a life station. Tax increment will be used to assist with these expenses. The development is not expected to significantly impact any traffic movements in the area. Based on the development plans, there are minimal additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks. The development in the District is expected to contribute an estimated \$80,244 in sanitary sewer (SAC) and water (WAC) connection fees.

The probable impact of any District general obligation tax increment bonds on the ability to issue debt for general fund purposes is expected to be minimal. The City anticipates that general obligation improvement bonds will be issued to assist with the infrastructure expenses. These bonds will be paid with assessments and tax increment revenues. It is anticipated that there will be minimal impact on the City's ability to issue future debt or on the City's debt limit.

- (3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is \$1,167,947;
- (4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is \$2,278,984;
- (5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S. Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

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

Subsection 2-14. Supporting Documentation

Pursuant to *M.S. Section 469.175, Subd. 1 (a), clause 7* the TIF Plan must contain identification and description of studies and analyses used to make the findings are required in the resolution approving the District. Following is a list of reports and studies on file at the City that support the City's findings:

- Tax Increment Financing Application from St. John's Lutheran Home.
- Feasibility Report for the NW Sewer and Water Extension Construction (Project No. 9432)

Subsection 2-15. Definition of Tax Increment Revenues

Pursuant to *M.S., Section 469.174, Subd. 25*, tax increment revenues derived from a tax increment financing district include all of the following potential revenue sources:

1. Taxes paid by the captured net tax capacity, but excluding any excess taxes, as computed under *M.S., Section 469.177*;
2. The proceeds from the sale or lease of property, tangible or intangible, to the extent the property was purchased by the Authority with tax increments;
3. Principal and interest received on loans or other advances made by the Authority with tax increments;
4. Interest or other investment earnings on or from tax increments;
5. Repayments or return of tax increments made to the Authority under agreements for districts for which the request for certification was made after August 1, 1993; and
6. The market value homestead credit paid to the Authority under *M.S., Section 273.1384*.

Subsection 2-16. Modifications to the District

In accordance with *M.S., Section 469.175, Subd. 4*, any:

1. Reduction or enlargement of the geographic area of the District, if the reduction does not meet the requirements of *M.S., Section 469.175, Subd. 4(e)*;
2. Increase in amount of bonded indebtedness to be incurred;
3. A determination to capitalize interest on debt if that determination was not a part of the original TIF Plan;
4. Increase in the portion of the captured net tax capacity to be retained by the City;
5. Increase in the estimate of the cost of the District, including administrative expenses, that will be paid or financed with tax increment from the District; or
6. Designation of additional property to be acquired by the City,

shall be approved upon the notice and after the discussion, public hearing and findings required for approval of the original TIF Plan.

Pursuant to *M.S. Section 469.175 Subd. 4(f)*, the geographic area of the District may be reduced, but shall not be enlarged after five years following the date of certification of the original net tax capacity by the county auditor. If a housing district is enlarged, the reasons and supporting facts for the determination that the addition to the district meets the criteria of *M.S., Section 469.174, Subd. 11* must be documented. The requirements of this paragraph do not apply if (1) the only modification is elimination of parcel(s) from the District and (2) (A) the current net tax capacity of the parcel(s) eliminated from the District equals or exceeds the net tax capacity of those parcel(s) in the District's original net tax capacity or (B) the City agrees that, notwithstanding *M.S., Section 469.177, Subd. 1*, the original net tax capacity will be reduced by no more than the current net tax capacity of the parcel(s) eliminated from the District.

The City must notify the County Auditor of any modification to the District. Modifications to the District in the form of a budget modification or an expansion of the boundaries will be recorded in the TIF Plan.

Subsection 2-17. Administrative Expenses

In accordance with *M.S., Section 469.174, Subd. 14*, administrative expenses means all expenditures of the City, *other than*:

1. Amounts paid for the purchase of land;
2. Amounts paid to contractors or others providing materials and services, including architectural and engineering services, directly connected with the physical development of the real property in the District;
3. Relocation benefits paid to or services provided for persons residing or businesses located in the District; or
4. Amounts used to pay principal or interest on, fund a reserve for, or sell at a discount bonds issued pursuant to *M.S., Section 469.178*; or
5. Amounts used to pay other financial obligations to the extent those obligations were used to finance costs described in clauses (1) to (3).

For districts for which the request for certification were made before August 1, 1979, or after June 30, 1982, and before August 1, 2001, administrative expenses also include amounts paid for services provided by bond counsel, fiscal consultants, and planning or economic development consultants. Pursuant to *M.S., Section 469.176, Subd. 3*, tax increment may be used to pay any **authorized and documented** administrative expenses for the District up to but not to exceed 10 percent of the total estimated tax increment expenditures authorized by the TIF Plan or the total tax increments, as defined by *M.S., Section 469.174, Subd. 25, clause (1)*, from the District, whichever is less.

For districts for which certification was requested after July 31, 2001, no tax increment may be used to pay any administrative expenses for District costs which exceed ten percent of total estimated tax increment expenditures authorized by the TIF Plan or the total tax increments, as defined in *M.S., Section 469.174, Subd. 25, clause (1)*, from the District, whichever is less.

Pursuant to *M.S., Section 469.176, Subd. 4h*, tax increments may be used to pay for the County's actual administrative expenses incurred in connection with the District and are not subject to the percentage limits of *M.S., Section 469.176, Subd. 3*. The county may require payment of those expenses by February 15 of the year following the year the expenses were incurred.

Pursuant to *M.S., Section 469.177, Subd. 11*, the County Treasurer shall deduct an amount (currently .36 percent) of any increment distributed to the City and the County Treasurer shall pay the amount deducted to the State Commissioner of Management and Budget for deposit in the state general fund to be appropriated to the State Auditor for the cost of financial reporting of tax increment financing information and the cost of examining and auditing authorities' use of tax increment financing. This amount may be adjusted annually by the Commissioner of Revenue.

Subsection 2-18. Limitation of Increment

The tax increment pledged to the payment of bonds and interest thereon may be discharged and the District may be terminated if sufficient funds have been irrevocably deposited in the debt service fund or other escrow account held in trust for all outstanding bonds to provide for the payment of the bonds at maturity or redemption date.

Pursuant to *M.S., Section 469.176, Subd. 6:*

if, after four years from the date of certification of the original net tax capacity of the tax increment financing district pursuant to M.S., Section 469.177, no demolition, rehabilitation or renovation of property or other site preparation, including qualified improvement of a street adjacent to a parcel but not installation of utility service including sewer or water systems, has been commenced on a parcel located within a tax increment financing district by the authority or by the owner of the parcel in accordance with the tax increment financing plan, no additional tax increment may be taken from that parcel and the original net tax capacity of that parcel shall be excluded from the original net tax capacity of the tax increment financing district. If the authority or the owner of the parcel subsequently commences demolition, rehabilitation or renovation or other site preparation on that parcel including qualified improvement of a street adjacent to that parcel, in accordance with the tax increment financing plan, the authority shall certify to the county auditor that the activity has commenced and the county auditor shall certify the net tax capacity thereof as most recently certified by the commissioner of revenue and add it to the original net tax capacity of the tax increment financing district. The county auditor must enforce the provisions of this subdivision. The authority must submit to the county auditor evidence that the required activity has taken place for each parcel in the district. The evidence for a parcel must be submitted by February 1 of the fifth year following the year in which the parcel was certified as included in the district. For purposes of this subdivision, qualified improvements of a street are limited to (1) construction or opening of a new street, (2) relocation of a street, and (3) substantial reconstruction or rebuilding of an existing street.

The City or a property owner must improve parcels within the District by approximately August 2018 and report such actions to the County Auditor.

Subsection 2-19. Use of Tax Increment

The City hereby determines that it will use 100 percent of the captured net tax capacity of taxable property located in the District for the following purposes:

1. To pay the principal of and interest on bonds issued to finance a project;
2. To finance, or otherwise pay the capital and administration costs of Development District No. 5 pursuant to *M.S., Sections 469.124 to 469.133;*
3. To pay for project costs as identified in the budget set forth in the TIF Plan;
4. To finance, or otherwise pay for other purposes as provided in *M.S., Section 469.176, Subd. 4;*
5. To pay principal and interest on any loans, advances or other payments made to or on behalf of the City or for the benefit of Development District No. 5 by a developer;
6. To finance or otherwise pay premiums and other costs for insurance or other security guaranteeing the payment when due of principal of and interest on bonds pursuant to the TIF Plan or pursuant to *M.S., Chapter 462C, M.S., Sections 469.152 through 469.165, and/or M.S., Sections 469.178;* and
7. To accumulate or maintain a reserve securing the payment when due of the principal and interest on the tax increment bonds or bonds issued pursuant to *M.S., Chapter 462C, M.S., Sections 469.152 through 469.165, and/or M.S., Sections 469.178.*

Revenues derived from tax increment from a housing district must be used solely to finance the cost of housing projects as defined in *M.S., Sections 469.174, Subd. 11 and 469.1761.* 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.

These revenues shall not be used to circumvent any levy limitations applicable to the City nor for other purposes prohibited by *M.S., Section 469.176, Subd. 4.*

Tax increments generated in the District will be paid by Freeborn County to the City for the Tax Increment Fund of said District. The City will pay to the developer(s) annually an amount not to exceed an amount as specified in a developer's agreement to reimburse the costs of land acquisition, public improvements, demolition and relocation, site preparation, and administration. Remaining increment funds will be used for City administration (up to 10 percent) and for the costs of public improvement activities outside the District.

Subsection 2-20. Excess Increments

Excess increments, as defined in *M.S., Section 469.176, Subd. 2,* shall be used only to do one or more of the following:

1. Prepay any outstanding bonds;
2. Discharge the pledge of tax increment for any outstanding bonds;
3. Pay into an escrow account dedicated to the payment of any outstanding bonds; or
4. Return the excess to the County Auditor for redistribution to the respective taxing jurisdictions in proportion to their local tax rates.

The City must spend or return the excess increments under paragraph (c) within nine months after the end of the year. In addition, the City may, subject to the limitations set forth herein, choose to modify the TIF Plan in order to finance additional public costs in Development District No. 5 or the District.

Subsection 2-21. Requirements for Agreements with the Developer

The City will review any proposal for private development to determine its conformance with the Development Program and with applicable municipal ordinances and codes. To facilitate this effort, the following documents may be requested for review and approval: site plan, construction, mechanical, and electrical system drawings, landscaping plan, grading and storm drainage plan, signage system plan, and any other drawings or narrative deemed necessary by the City to demonstrate the conformance of the development with City plans and ordinances. The City may also use the Agreements to address other issues related to the development.

Pursuant to *M.S., Section 469.176, Subd. 5,* no more than 10 percent, by acreage, of the property to be acquired in the District as set forth in the TIF Plan shall at any time be owned by the City as a result of acquisition with the proceeds of bonds issued pursuant to *M.S., Section 469.178* to which tax increments from property acquired is pledged, unless prior to acquisition in excess of 10 percent of the acreage, the City concluded an agreement for the development of the property acquired and which provides recourse for the City should the development not be completed.

Subsection 2-22. Assessment Agreements

Pursuant to *M.S., Section 469.177, Subd. 8,* the City may enter into a written assessment agreement in recordable form with the developer of property within the District which establishes a minimum market value of the land and completed improvements for the duration of the District. The assessment agreement shall be presented to the County Assessor who shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land upon which the improvements are to be

constructed and, so long as the minimum market value contained in the assessment agreement appears, in the judgment of the assessor, to be a reasonable estimate, the County Assessor shall also certify the minimum market value agreement.

Subsection 2-23. Administration of the District

Administration of the District will be handled by the Finance Director.

Subsection 2-24. Annual Disclosure Requirements

Pursuant to *M.S., Section 469.175, Subds. 5, 6, and 6b* the City must undertake financial reporting for all tax increment financing districts to the Office of the State Auditor, County Board and County Auditor on or before August 1 of each year. *M.S., Section 469.175, Subd. 5* also provides that an annual statement shall be published in a newspaper of general circulation in the City on or before August 15.

If the City fails to make a disclosure or submit a report containing the information required by *M.S., Section 469.175 Subd. 5 and Subd. 6*, the OSA will direct the County Auditor to withhold the distribution of tax increment from the District.

Subsection 2-25. Reasonable Expectations

As required by the TIF Act, in establishing the District, the determination has been made that the anticipated development would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future. In making said determination, reliance has been placed upon written representation made by the developer to such effects and upon City staff awareness of the feasibility of developing the project site(s) within the District.

Subsection 2-26. Other Limitations on the Use of Tax Increment

1. General Limitations. All revenue derived from tax increment shall be used in accordance with the TIF Plan. The revenues shall be used to finance, or otherwise pay the capital and administration costs of Development District No. 5 pursuant to *M.S., Sections 469.124 to 469.133*. Tax increments may not be used to circumvent existing levy limit law. No tax increment may be used for 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. This provision does not prohibit the use of revenues derived from tax increments for the construction or renovation of a parking structure.
2. Housing District Exceptions to Restriction on Pooling; Five Year Limit. Pursuant to *M.S., Section 469.1763*, (1) At least 80% of the tax increment derived from the District must be expended on Public Costs incurred within said district, and up to 20% of said tax increments may be spent on Public Costs incurred outside of the District but within Development District No. 5; provided that in the case of a housing district, a housing project, as defined in *M.S., Section 469.174, Subd. 11*, is deemed to be an activity in the District, even if the expenditure occurred after five years.

Subsection 2-27. Summary

The City of Albert Lea is establishing the District to provide an impetus for residential development and provide safe and decent life cycle housing in the City. The TIF Plan for the District was prepared by Ehlers & Associates, Inc., 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, telephone (651) 697-8500.

Appendix A

Project Description

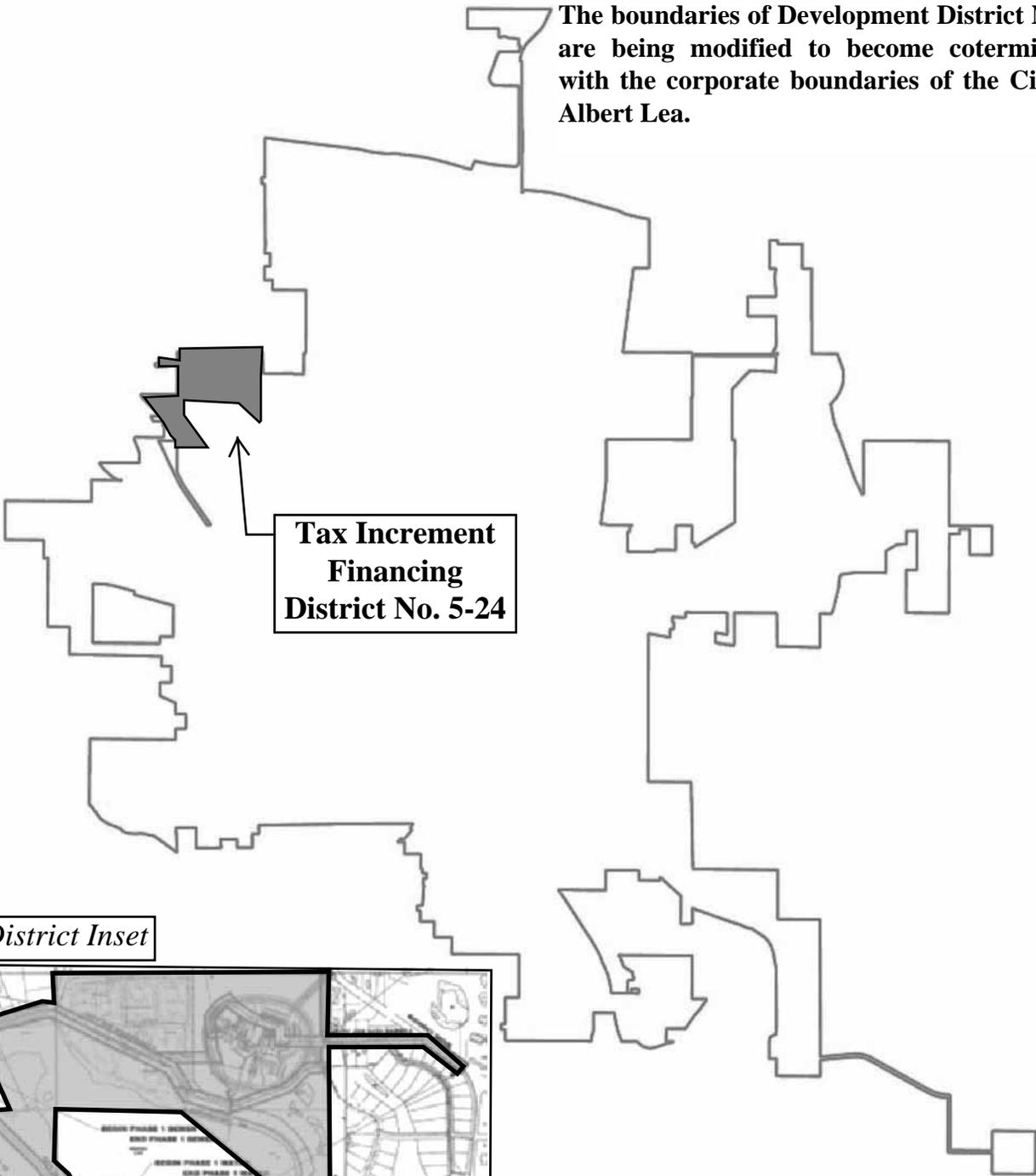
Tax Increment Financing District No. 5-24 is being established to facilitate the development of senior housing in the City of Albert Lea. The proposed development by St. John's Lutheran Home is a multi-phase senior housing campus. Phase I of the development will include of 32 units of assisted living. Phase II will consist of independent living options for seniors. Construction on Phase I is anticipated to begin in the fall of 2014.

The development of this site requires that City infrastructure be extended. The tax increment will be used to assist with the extension of water and sewer and the construction of a lift station as related to the St. John's development. In addition, a portion of the costs related to the extension of the infrastructure will be assessed to benefitting property owners. The City is considering the issuance of bonds to pay for the infrastructure, and tax increment revenues would be used for debt service payments. In addition, it is anticipated that the City will issue a pay-as-you-go note to St. John's to assist with other qualified development costs.

Appendix B

Map of Development District No. 5 and the District

The boundaries of Development District No. 5 are being modified to become coterminous with the corporate boundaries of the City of Albert Lea.



**Tax Increment Financing
District No. 5-24**

TIF District Inset



**Tax Increment Financing District No. 5-24
Development District No. 5**

City of Albert Lea
Freeborn County, MN

Appendix C

Description of Property to be Included in the District

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

<u>Parcel Number</u>	<u>Address</u>	<u>Owner</u>
344420010	1701 Country Club	St. John's
347460030	ROW	
348120010	ROW	

Appendix D

Estimated Cash Flow for the District



St. John's Development - 2.0% Inflation

City of Albert Lea

Multi-Phase Senior Housing Development: Phases I and II

ASSUMPTIONS AND RATES

District Type:		Tax Rates	
District Name/Number:	Housing	Exempt Class Rate (Exempt)	0.00%
County District #:	TBD	Commercial Industrial Preferred Class Rate (C/I Pref.)	1.50%
First Year Construction or Inflation on Value Existing District - Specify No. Years Remaining	2015	First	2.00%
Inflation Rate - Every Year:	2.00%	Over	2.00%
Interest Rate:	4.00%	Commercial Industrial Class Rate (C/I)	1.25%
Present Value Date:	1-Aug-15	Rental Housing Class Rate (Rental)	0.75%
First Period Ending	1-Feb-16	Affordable Rental Housing Class Rate (Aff. Rental)	0.25%
Tax Year District was Certified:	Pay 2014	First	1.00%
Cashflow Assumes First Tax Increment For Development:	2017	Over	1.25%
Years of Tax Increment	26	Non-Homestead Residential (Non-H Res. 1 Unit)	1.00%
Assumes Last Year of Tax Increment	2042	First	1.25%
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	NA	Over	1.00%
Incremental or Total Fiscal Disparities	NA	Homestead Residential Class Rate (Hmstd. Res.)	1.25%
Fiscal Disparities Contribution Ratio	NA	First	1.00%
Fiscal Disparities Metro-Wide Tax Rate	NA	Over	1.00%
Maximum/Frozen Local Tax Rate:	138.072%	Agricultural Non-Homestead	1.00%
Current Local Tax Rate: (Use lesser of Current or Max.)	138.072%		
State-wide Tax Rate (Comm./Ind. only used for total taxes)	52.16000%		
Market Value Tax Rate (Used for total taxes)	0.24802%		

BASE VALUE INFORMATION (Original Tax Capacity)													
Map #	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Tax Year		Property Tax Class	Current Original Tax Capacity	Class After Conversion	Area/Phase
								Market Value	Original Value				
	344420010	St. John's	1701 Country Club	309,200	10,800	320,000	100%	Pay 2014	Pay 2014	Non-H Res. 1 Unit	3,200	Rental	4,000
	347460030			0	0	0	100%	Pay 2014	Pay 2014	Exempt	-	Exempt	-
	348120010			0	0	0	100%	Pay 2014	Pay 2014	Exempt	-	Exempt	-
				309,200	10,800	320,000					3,200		4,000

Note:
1. Base values are based upon review of County website on April 15, 2014.



St. John's Development - 2.0% Inflation

City of Albert Lea

Multi-Phase Senior Housing Development: Phases I and II

TAX INCREMENT CASH FLOW														
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities NA	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
100%	126,103	(4,000)	-	122,103	138.072%	168,589	84,295	(303)	(8,399)	75,592	69,835	0.5	2017	08/01/16
100%	128,625	(4,000)	-	124,625	138.072%	172,072	86,036	(310)	(8,573)	77,553	73,802	1	2018	02/01/17
100%	149,564	(4,000)	-	145,564	138.072%	200,983	100,491	(362)	(10,013)	90,117	86,882	2	2018	08/01/18
100%	152,555	(4,000)	-	148,555	138.072%	205,113	102,557	(369)	(10,219)	91,969	88,298	3	2019	02/01/19
100%	155,606	(4,000)	-	151,606	138.072%	209,326	104,663	(377)	(10,429)	93,857	90,744	4	2020	08/01/20
100%	158,718	(4,000)	-	154,718	138.072%	213,623	106,811	(385)	(10,643)	95,784	92,571	5	2021	02/01/21
100%	161,893	(4,000)	-	157,893	138.072%	218,006	109,003	(392)	(10,861)	97,749	94,711	6	2022	08/01/22
100%	165,131	(4,000)	-	161,131	138.072%	222,476	111,238	(400)	(11,084)	99,754	96,891	7	2023	02/01/23
100%	168,433	(4,000)	-	164,433	138.072%	227,036	113,518	(409)	(11,311)	101,798	98,872	8	2024	08/01/24
100%	171,802	(4,000)	-	167,802	138.072%	231,687	115,844	(417)	(11,543)	103,884	100,947	9	2025	02/01/25
100%	175,238	(4,000)	-	171,238	138.072%	236,432	118,216	(426)	(11,779)	106,011	103,021	10	2026	08/01/26
100%	178,743	(4,000)	-	174,743	138.072%	241,271	120,635	(434)	(12,020)	108,181	105,111	11	2027	02/01/27
100%	182,317	(4,000)	-	178,317	138.072%	246,207	123,103	(443)	(12,266)	110,394	107,285	12	2028	08/01/28
100%	185,964	(4,000)	-	181,964	138.072%	251,241	125,621	(452)	(12,517)	112,651	109,471	13	2029	02/01/29
100%	189,683	(4,000)	-	185,683	138.072%	256,376	128,188	(461)	(12,773)	114,954	111,651	14	2030	08/01/30
100%	193,477	(4,000)	-	189,477	138.072%	261,614	130,807	(471)	(13,034)	117,303	113,826	15	2031	02/01/31
100%	197,346	(4,000)	-	193,346	138.072%	266,957	133,479	(481)	(13,300)	119,698	116,002	16	2032	08/01/32
100%	201,293	(4,000)	-	197,293	138.072%	272,407	136,203	(490)	(13,571)	122,142	118,181	17	2033	02/01/33
100%	205,319	(4,000)	-	201,319	138.072%	277,965	138,983	(500)	(13,848)	124,634	120,266	18	2034	08/01/34
100%	209,425	(4,000)	-	205,425	138.072%	283,635	141,818	(511)	(14,131)	127,176	122,441	19	2035	02/01/35
100%	213,614	(4,000)	-	209,614	138.072%	289,418	144,709	(521)	(14,419)	129,769	124,634	20	2036	08/01/36
100%	217,886	(4,000)	-	213,886	138.072%	295,317	147,659	(532)	(14,713)	132,414	126,882	21	2037	02/01/37
100%	222,244	(4,000)	-	218,244	138.072%	301,334	150,667	(542)	(15,012)	135,112	129,117	22	2038	08/01/38
100%	226,689	(4,000)	-	222,689	138.072%	307,471	153,735	(553)	(15,318)	137,864	131,361	23	2039	02/01/39
100%	231,223	(4,000)	-	227,223	138.072%	313,731	156,865	(565)	(15,630)	140,671	133,614	24	2040	08/01/40
100%	235,847	(4,000)	-	231,847	138.072%	320,116	160,058	(576)	(15,948)	143,534	135,880	25	2041	02/01/41
												26	2042	08/01/42
												27	2042	02/01/43
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												118	2042	08/01/88
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Appendix E

Housing Qualifications for the District

INCOME RESTRICTIONS - ADJUSTED FOR FAMILY SIZE (HOUSING DISTRICT) - FREEBORN COUNTY FREEBORN COUNTY MEDIAN INCOME: \$60,000		
No. of Persons	50% of Median Income	60% of Median Income
1-person	\$21,600	\$25,920
2-person	\$24,700	\$29,640
3-person	\$27,800	\$33,360
4-person	\$30,850	\$37,020

Source: Department of Housing and Urban Development and Minnesota Housing Finance Agency

The two options for income limits on a standard housing district are 20% of the units at 50% of median income or 40% of the units at 60% of median income. There are no rent restrictions for a housing district.

***PLEASE NOTE: THESE NUMBERS ARE ADJUSTED ANNUALLY. ALL INCOME FIGURES REPORTED ON THIS PAGE ARE FOR 2014. UPDATED NUMBERS FOR THE YEAR 2015 WILL BE AVAILABLE IN FEBRUARY OR MARCH.

Appendix F

Findings for the District

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for Tax Increment Financing District No. 5-24, as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. *Finding that Tax Increment Financing District No. 5-24 is a housing district as defined in M.S., Section 469.174, Subd. 11.*

TIF District No. 5-24 consists of three parcels. The development will consist of a multi-phase senior rental housing development. All or a portion of which will receive tax increment assistance and will meet income restrictions described in *M.S. 469.1761*. At least 40 percent of the units/homes receiving assistance will have incomes at or below 60 percent of statewide median income. Appendix E of the TIF Plan contains background for the above finding.

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future.*

The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future: This finding is supported by the fact that the development proposed in this plan is a housing district that meets the City's objectives for development and redevelopment. The cost of site and public improvements, utilities, and other qualifying improvements makes this housing development infeasible without City assistance. Due to the high cost of building affordable new housing in the City and the cost of financing the proposed public improvements, this project is feasible only through assistance, in part, from tax increment financing. The developer was asked for and provided a letter and a proforma as justification that the developer would not have gone forward without tax increment assistance (see attachment in Appendix F of the TIF Plan).

The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan: This finding is justified on the grounds that the site and public improvements and utilities add to the total development cost. Historically, site development costs in this area have made development infeasible without tax increment assistance. For development of the site, utilities will need to be extended to the site, and a lift station will need to be constructed. The cost attributed to the project is estimated at \$1,500,000. This site has been marketed for at least 10 years without success. The City reasonably determines that no other development of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

3. *Finding that the TIF Plan for Tax Increment Financing District No. 5-24 conforms to the general plan for the development or redevelopment of the municipality as a whole.*

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

4. *Finding that the TIF Plan for Tax Increment Financing District No. 5-24 will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Development District No. 5 by private enterprise.*

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