



Request for Action

TO: Faribault EDA
FROM: Deanna Kuennen, Director
MEETING DATE: May 17, 2019
SUBJECT: Consenting to the Process for the Creation of a Housing Tax Increment Financing District in Support of the Proposed Roers Companies Multiple Family Housing Project

BACKGROUND:

Section 3 of the EDA's Enabling Resolution establishes that the EDA is responsible for the review and processing of tax increment finance districts (TIF), and is the party that enters into private development agreements associated with TIF.

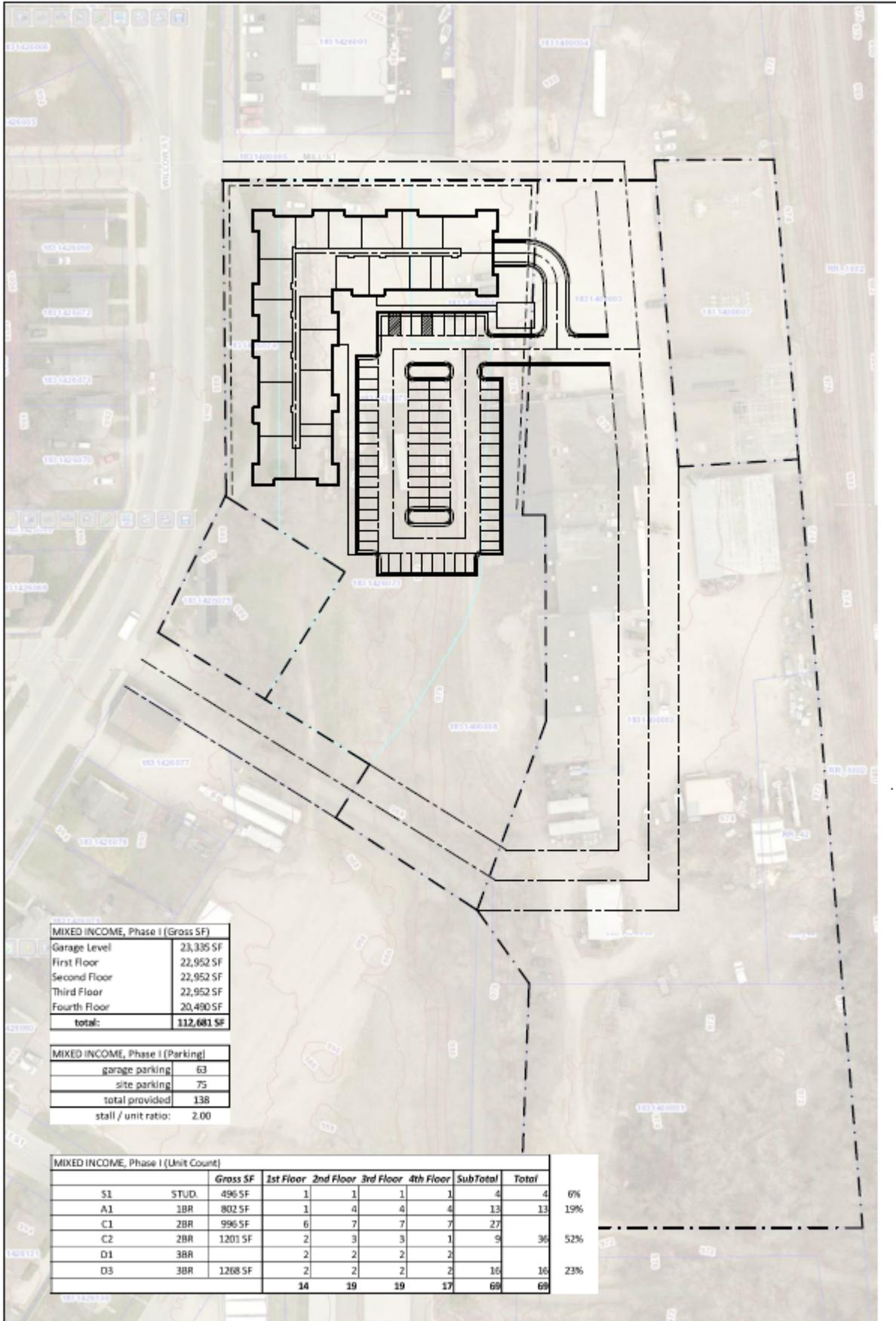
SECTION 3. TRANSFER OF TAX INCREMENT AUTHORITY

Section 3.1. The City shall transfer the control, authority and operation of its tax increment development plans pursuant to Chapter 462, implemented by Resolutions 85-151, 85-140, 85-22, 85-21, 85-20, 81-168, 81-5, and pursuant to Chapter 472A, implemented by Resolutions 85-141 and 83-58, located within the City, from the governmental agency or subdivision that established the project to the EDA. The City Council requires acceptance of control, authority, and operation of the tax increment development plans by the EDA. The EDA may exercise all of the powers that the governmental unit establishing the project could exercise with respect to the project.

When a project or program is transferred to the EDA, it shall covenant and pledge to perform the terms, conditions, and covenants of the bond indenture or other agreements executed for the security of any bonds issued by the governmental subdivision that initiated the project or program. The EDA may exercise all of the powers necessary to perform the terms, conditions, and covenants of any indenture or other agreements executed for the security of the bonds when the project or program is transferred.

Staff has been working with Roers Companies who is interested in constructing a 69-unit multi-family housing development on the former Lockerby land located east of Willow Street and south of Hwy 60. The proposed development would include a 69-unit building, underground parking, amenities, and on-site property management and maintenance. Proposed rents would likely range between \$700-\$1,175 per month, and 80-percent of the units would be income restricted to 60-percent of the Area Median Income (but residents are responsible for the full amount of the rent), and 20-percent would be market rate. Total estimated project development costs are \$17 million, with a request for "up to 13 years" of tax increment financing that will generate an estimated \$340,000 (Present Value). The estimated tax increment financing / tax incentive represents *2-percent of the total project cost*.

Agenda Item: 5B



MIXED INCOME, Phase I (Gross SF)	
Garage Level	23,335 SF
First Floor	22,952 SF
Second Floor	22,952 SF
Third Floor	22,952 SF
Fourth Floor	20,480 SF
total:	112,681 SF

MIXED INCOME, Phase I (Parking)	
garage parking	63
site parking	75
total provided	138
stall / unit ratio:	2.00

MIXED INCOME, Phase I (Unit Count)									
		Gross SF	1st Floor	2nd Floor	3rd Floor	4th Floor	SubTotal	Total	
S1	STUD	496 SF	1	1	1	1	4	4	6%
A1	1BR	802 SF	1	4	4	4	13	13	19%
C1	2BR	996 SF	6	7	7	7	27	27	
C2	2BR	1201 SF	2	3	3	1	9	36	52%
D1	3BR		2	2	2	2	2	2	
D3	3BR	1268 SF	2	2	2	2	16	16	23%
			14	19	19	17	69	69	

Agenda Item: 5B

The developer is seeking low-income housing tax credits through MN Housing Finance Agency to assist with the project financing. The tax credit application is due on June 1 – and requires documentation that the city intends to provide TIF assistance, to include the anticipated amount and terms and a TIF analysis.

REQUESTED ACTION

The EDA is asked to consider Resolution 2019-12 Consenting to the Process for the Creation of a Housing Tax Increment Financing District in Support of the Proposed Roers Companies Multiple Family Housing Project.

A letter of support from the City Council will accompany the EDA resolution, and be submitted as part of the low-income housing tax credit application. The award of the tax credits will be made in November.

Attachments:

- Resolution 2019-12 Consenting to the Process for the Creation of a Housing Tax Increment Financing District in Support of the Proposed Roers Companies Multiple Family Housing Project.

RESOLUTION NO. 2019-12

**ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF FARIBAULT
CITY OF FARIBAULT
RICE COUNTY
STATE OF MINNESOTA**

**RESOLUTION CONSENTING TO THE PROCESS FOR THE CREATION OF A HOUSING
TAX INCREMENT FINANCING DISTRICT IN SUPPORT OF THE PROPOSED ROERS
COMPANIES MULTIPLE FAMILY HOUSING PROJECT**

WHEREAS, the Economic Development Authority of the City of Faribault (the “EDA”) is a public body corporate and politic; and,

WHEREAS, pursuant to Minnesota Statutes Sections 469.174 – 469.1799, the City of Faribault is authorized to use Tax Increment Financing (TIF) to carry out the public purposes described and contemplated thereby; and,

WHEREAS, the City of Faribault transferred the control, authority, and operation of its tax increment development plans pursuant to Minnesota Statutes Chapter 469 to the EDA implemented by Resolutions 85-151, 85-140, 85-22, 85-21, 85-20, 81-168, 81-5, and pursuant to Chapter 472A; and

WHEREAS, Reoers Companies has submitted a proposal to construct 69 units of multiple-family rental housing (the “Project”) on portions of PIDs 18.31.4.00.003, 18.31.4.00.009, 18.31.4.26.073, 18.31.4.00.006, 18.31.4.26.074, and 18.31.4.00.008, with 80% of the units being affordable to households with incomes at or below 60% of the area median income; and,

WHEREAS, the EDA supports the Project and will endeavor to work with Roers Companies to facilitate Tax Increment Financing (TIF) assistance through the creation of a Housing TIF District with such actions being subject to Roers Companies securing an allocation of Housing Tax Credits from the Minnesota Housing Finance Agency for the Project; and,

WHEREAS, the EDA cannot create a Housing TIF District in support of the Project until all statutory requirements have been fully satisfied, including the consideration of comments from the public and affected governmental jurisdictions following a public hearing.

NOW, THEREFORE, BE IT RESOLVED, by the Economic Development Authority of the City of Faribault, that the recitals and exhibits, if any, set forth in this Resolution are incorporated into and made a part of this Resolution.

NOW, THEREFORE, BE IT FURTHER RESOLVED, that the Economic Development Authority of the City of Faribault does hereby support the Project subject to final determination by the City Council in its sole discretion of Project eligibility, statutory requirements, public hearings and required reviews, public input, and without surrendering its legislative discretion.

NOW, THEREFORE, BE IT FURTHER RESOLVED, that the Economic Development Authority of the City of Faribault supports the creation of a Tax Increment Financing district for the Project, including up to a 13-year TIF Note in an amount up to \$340,000 in principal, to address a funding gap for the Project.

NOW, THEREFORE, BE IT FINALLY RESOLVED, that the Economic Development Authority of the City of Faribault hereby authorizes City staff and City consultants to work on Tax Increment Financing assistance for the Project upon receipt of a complete TIF application from Roers Companies for the Project.

Adopted this 16th day of May, 2019

Rodney Gramse, President

ATTEST:

Dave Albers, Secretary