

**CITY OF LEXINGTON
ANOKA COUNTY
STATE OF MINNESOTA**

Council member Harris introduced the following resolution and moved its adoption:

RESOLUTION NO. 18-09

**RESOLUTION ADOPTING A MODIFICATION TO THE DEVELOPMENT
PROGRAM FOR DEVELOPMENT DISTRICT NO. 1 AND ESTABLISHING
TAX INCREMENT FINANCING DISTRICT 1-3 THEREIN AND ADOPTING A
TAX INCREMENT FINANCING PLAN THEREFOR.**

BE IT RESOLVED by the City Council (the "Council") of the City of Lexington, Minnesota (the "City"), as follows:

Section 1. Recitals.

1.01. The City Council of the City of Lexington (the "City") has heretofore established Development District No. 1 and adopted a Development Program therefor. It has been proposed by the City that the City adopt a Modification to the Development Program (the "Development Program Modification") for Development District No. 1 (the "Project Area") and establish Tax Increment Financing District 1-3 (the "District") therein and adopt a Tax Increment Financing Plan (the "TIF Plan") therefor (the Development Program Modification and the TIF Plan are referred to collectively herein as the "Program and Plan"); all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.124 to 469.133 and Sections 469.174 to 469.1794, all inclusive, as amended, (the "Act") all as reflected in the Program and Plan, and presented for the Council's consideration.

1.02. The City has investigated the facts relating to the Program and Plan and has caused the Program and Plan to be prepared.

1.03. The City has performed all actions required by law to be performed prior to the establishment of the District and the adoption and approval of the proposed Program and Plan, including, but not limited to, notification of Anoka County and Independent School District No. 12 having taxing jurisdiction over the property to be included in the District, a review of and written comment on the Program and Plan by the City Planning Commission, and the holding of a public hearing upon published notice as required by law.

1.04. Certain written reports (the "Reports") relating to the Program and Plan and to the activities contemplated therein have heretofore been prepared by staff and consultants and submitted to the Council and/or made a part of the City files and proceedings on the Program and Plan. The Reports include data, information and/or substantiation constituting or relating to the basis for the other findings and determinations made in this resolution. The Council hereby confirms, ratifies and adopts the Reports, which are hereby incorporated into and made as fully a part of this resolution to the same extent as if set forth in full herein.

1.05. The City is not modifying the boundaries of Development District No. 1, but is however, modifying the Development Program therefor.

Section 2. Findings for the Adoption and Approval of the Development Program Modification.

2.01. The Council approves the Development Program Modification, and specifically finds that: (a) the land within the Project Area would not be available for redevelopment without the financial aid to be sought under this Development Program; (b) the Development Program, as modified, will afford maximum opportunity, consistent with the needs of the City as a whole, for the development of the Project Area by private enterprise; and (c) that the Development Program, as modified, conforms to the general plan for the development of the City as a whole.

Section 3. Findings for the Establishment of Tax Increment Financing District 1-3.

3.01. The Council hereby finds that Tax Increment Financing District 1-3 is in the public interest and is a "housing district" under Minnesota Statutes, Section 469.174, Subd. 11 of the Act.

3.02. The Council further finds that the proposed development would not occur solely through private investment within the reasonably foreseeable future, that the Program and Plan conform to the general plan for the development or redevelopment of the City as a whole; and that the Program and Plan will afford maximum opportunity consistent with the sound needs of the City as a whole, for the development or redevelopment of the District by private enterprise.

3.03. The Council further finds, declares and determines that the City made the above findings stated in this Section and has set forth the reasons and supporting facts for each determination in writing, attached hereto as Exhibit A.

Section 4. Public Purpose.

4.01. The adoption of the Program and Plan conforms in all respects to the requirements of the Act and will help fulfill a need to develop an area of the City which is already built up, to provide housing opportunities, to improve the tax base and to improve the general economy of the State and thereby serves a public purpose. For the reasons described in Exhibit A, the City believes these benefits directly derive from the tax increment assistance provided under the TIF Plan. A private developer will receive only the assistance needed to make this development financially feasible. As such, any private benefits received by a developer are incidental and do not outweigh the primary public benefits.

Section 5. Approval and Adoption of the Program and Plan.

5.01. The Program and Plan, as presented to the Council on this date, including without limitation the findings and statements of objectives contained therein, are hereby approved, ratified, established, and adopted and shall be placed on file in the office of the City Administrator.

5.02. The staff of the City, the City's advisors and legal counsel are authorized and directed to proceed with the implementation of the Program and Plan and to negotiate, draft, prepare and present to this Council for its consideration all further plans, resolutions, documents and contracts necessary for this purpose.

5.03. The Auditor of Anoka County is requested to certify the original net tax capacity of the District, as described in the Program and Plan, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased; and the City is authorized and directed to forthwith transmit this request to the County Auditor in such form and content as the Auditor may specify, together with a list of all properties within the District, for which building permits have been issued during the 18 months immediately preceding the adoption of this resolution.

5.04. The City Administrator is further authorized and directed to file a copy of the Program and Plan with the Commissioner of the Minnesota Department of Revenue and the Office of the State Auditor pursuant to Minnesota Statutes 469.175, Subd. 4a.

The motion for the adoption of the foregoing resolution was duly seconded by Council member Kurth, and upon a vote being taken thereon, the following voted in favor thereof:

Mayor Kurth, Deunes, Hughes, and Harris

and the following voted against the same: None

Dated: February 1, 2018



Mark Kurth, Mayor

ATTEST:


Bill Petracek, City Administrator

(Seal)

EXHIBIT A
RESOLUTION NO. 18-09

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for Tax Increment Financing District 1-3, as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. *Finding that Tax Increment Financing District 1-3 is a housing district as defined in M.S., Section 469.174, Subd. 11.*

TIF District No. 1-3 consists of two parcels. The new development will consist of approximately 199 rental apartment units. All or a portion of which will receive tax increment assistance and will meet income restrictions described in *M.S. 469.1761*. All of the units will be reserved for households who have incomes at or below 60 percent of the area 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 demolition, site and public improvements, and utilities makes this housing development infeasible without City assistance. Due to the high costs of building affordable new housing in the City, the cost of financing the proposed public improvements, costs to include affordable housing, and the insufficiency of rents in an affordable housing development to provide a sufficient rate of return, 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.

The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan: This finding is justified on the grounds that the cost of land acquisition, demolition, site and public improvements, and utilities add to the total development cost. Historically, site development costs and reduced rents required for the affordable units in this area have made development infeasible without tax increment assistance. This site has been targeted for redevelopment since 2008 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 1-3 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 1-3 will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Development District No. 1 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.