Fiscal Implications Draft

Development Program

for Municipal Development District No. 5

and the

Tax Increment Financing Plan

for the establishment of

Tax Increment Financing District No. 5-2

(a housing tax increment financing district)

City of Maple Lake

Wright County

State of Minnesota

Public Hearing: December 15, 2026

Adopted

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Section 1 - Development Program for Municipal Development District No. 5

Foreword

The following text represents a Modification to the Development Program for Municipal Development District No. 5. This modification represents a continuation of the goals and objectives set forth in the Development Program for Municipal Development District No. 5. Generally, the substantive changes include the establishment of Tax Increment Financing District No. 5-2. (As established December 15, 2026)

Tax Increment District No. 5-2 will provide gap financing an affordable 58-unit apartment building where the outstanding assessment bond payment and the removal of soils add extraordinary costs to the project over what it would incur on a typical greenfield site. The anticipated private investment is over $14 million. The project will fill a need in Maple Lake which currently has a 0% vacancy rate for multifamily rentals.

Tax Increment will be used to assist with affordable housing other TIF eligible activities.

Definitions

The terms defined below shall, for purposes of the Development Program, have the meanings herein specified, unless the context otherwise specifically required:

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

"Comprehensive Plan" means the documents which contain the objectives, policies, standards and programs to guide public and private land use, development, redevelopment and preservation for all lands and water within the City.

"Council" means the City Council of the City of Maple Lake, also referred to as the governing body. (See "Governing Body" below).

"County" means the County of Wright, Minnesota.

"County Board" means the Board of Commissioners for Wright County.

"Development District Act" means the statutory provisions of Minnesota Statutes, Sections 469.124 to 469.133 as amended and supplemented.

"Development District" means Municipal Development District No. 5 in the City, which was created and established pursuant to and in accordance with the Development District Act, and is geographically described in Section 1, Subsection 4 of the Development Program.

"Development Program" means this Development Program for Municipal Development District No. 5, initially adopted by the Council on August 21, 2018, and as it shall be modified. As defined in Minnesota Statutes, Section 469.125, Subdivision 9, a development program is a statement of objectives of the City for improvement of a

development district which contains a complete statement as to the public facilities to be constructed within the district, the open space to be created, the environmental controls to be applied, the proposed reuse of private property and the proposed operations of the district after the capital improvements within the district have been completed.

"Governing Body" means the duly elected Council.

"Municipal Industrial Development Act" means the statutory provisions of Minnesota Statutes, Sections 469.152 to 469.1655, as amended.

"Municipality" means any city, however organized as defined in Minnesota Statutes, Section 469.125, Subdivision 2.

"Project Area" means the Development District as geographically described in Subsection 1, Subsection 10 of the Development Program.

"State" means the State of Minnesota.

"Tax Increment Bonds" means any general obligation or revenue tax increment bonds issued and to be issued by the City to finance the public costs associated with Development District No. 5, as stated in the Development Program and in the Tax Increment Financing Plans for the Tax Increment Financing Districts within Municipal Development District No. 2. The term "Tax Increment Bonds" shall also include any obligations issued to refund the Tax Increment Bonds.

"Tax Increment Financing District" means any tax increment financing district presently established or to be established in the future in Municipal Development District No. 5.

"Tax Increment Financing Act" means the statutory provisions of Minnesota Statutes, Sections 469.174 to 469.1794, inclusive, as amended.

SECTION 1.01 OVERVIEW

The City establishes Development District No. 5 and the related Development Program as a tool to achieve the objectives described in Section 1.03. The Development District serves as the "Project Area" for the tax increment financing districts established within its boundaries. The Development Program describes the City's objectives for the development of this area and the use of tax increment financing.

SECTION 1.02 STATUTORY AUTHORITY

The Council determines that it is desirable and in the public interest to modify, develop and administer a Development Program for Development District No.5 (the "Development District") in the City to implement its Development District Plan, pursuant to the provisions of Sections 469.124 to 469.133, as amended, of Minnesota Statutes (the "Development District Act").

Funding of the necessary activities and improvements in the Development District shall be accomplished through tax increment financing in accordance with Minnesota Statutes, Sections 469.174 through 469.1794, inclusive (the "Tax Increment Act") and through the use of industrial revenue bonds pursuant to the provisions of Chapter 469.152 to 469.1655, as amended, of Minnesota Statutes (the "Municipal Industrial Development Act").

SECTION 1.03 STATEMENT OF OBJECTIVES

The establishment of the Development District in the City pursuant to the Development District Act is necessary and in the best interests of the City and its residents and is necessary to give the City the ability to meet certain public purpose objectives that would not be obtainable in the foreseeable future without intervention by the City in the normal development process.

The City intends, to the extent permitted by law, to accomplish the following objectives through the implementation of the Development Program:

1. Provide for the acquisition of land and construction and financing of the private development in the Development District which are necessary for the orderly and beneficial development of the Development District and adjacent areas of the City.

2. Encourage the redevelopment of blighted and under-utilized areas of the City.

3. Facilitate the removal of deteriorated structures and encourage redevelopment in commercial areas providing high levels of property maintenance and private investment.

4. Provide parking needed to support development and encourage use of shared parking to promote additional private development.

5. Build, maintain improve, and reconstruct public improvements and utilities needed to support development.

6. Promote and secure the prompt and unified development of certain property in the Development District, which property is not now in productive use or in its highest and best use, with a minimum adverse impact on the environment, and thereby promote and secure the desirable development of other land in the City.

7. Promote and secure additional employment opportunities within the Development District and the City for residents of the City and the surrounding area, thereby improving living standards and reducing unemployment and the loss of skilled and unskilled labor and other human resources in the City.

8. Secure the increase in values of property subject to taxation by the City, the School District, the County, and other taxing jurisdictions in order to better enable such entities to pay for governmental services and programs that they are required to provide.

9. Promote the concentration of new unified development consisting of desirable manufacturing, industrial and other appropriate development in the Development District so as to maintain the area in a manner compatible with its accessibility and prominence in the City.

10. Encourage the expansion and improvement of local business, economic activity and

development, whenever possible.

11. Create a desirable and unique character within the Development District through quality land use alternatives and design quality in new buildings.

SECTION 1.04 BOUNDARIES OF DEVELOPMENT DISTRICT

The City has designated the corporate limits (Modification No.1, 12/15/2026) of the City as Development District No. 5 as authorized by Minnesota Statutes, Section 469.126 of the Development District Act. Within the Development District, the City plans to undertake tax increment financing pursuant to Minnesota Statutes, Section 469.174, Subd. 10, 10(A),11and 12 of the Tax Increment Financing Act.

SECTION 1.05 DEVELOPMENT ACTIVITIES

The City will perform or cause to be performed, to the extent permitted by law, all project activities pursuant to the Development District Act, the Tax Increment Financing Act and other applicable state laws, and in doing so anticipates that the following may, but are not required, to be undertaken by the City:

1. The making of studies, planning, and other formal and informal activities relating to the Development Program.

2. The implementation and administration of the Development Program.

3. The rezoning of land within the Development District.

4. The acquisition of property, or interests in property, by purchase or condemnation, which acquisition is consistent with the objectives of the Development Program.

5. The preparation of property for use and development in accordance with applicable land use regulations and any development agreements, including demolition of structures, clearance of sites, placement of fill and grading.

6. The resale of property to private parties.

7. The construction or reconstruction of site improvements to property within a tax increment financing district.

8. The construction, improvement and maintenance of parking facilities.

9. The construction, improvement and maintenance of streets, sidewalks, alleys, and public utilities.

10. The issuance of Tax Increment Bonds to finance the Project Costs of the Development Program, and the use of tax increments or other funds available to the City to pay or finance the Project Costs of a tax increment financing plan incurred or to be incurred by it pursuant to the Development Program.

11. The use of tax increments to pay debt service on any tax increment financing bonds or otherwise pay or reimburse with interest the Project Costs of a tax increment financing plan.

SECTION 1.06 PAYMENT OF PROJECT COSTS

Project Costs and the plan for their payment will be described in the tax increment financing plan. It is anticipated that the Project Costs of the Development Program will be paid primarily from tax increments. The City reserves the right to utilize other available sources of revenue, including but not limited to special assessments, user charges and financial assistance from other units of government, which the City may apply to pay a portion of the Project Costs.

SECTION 1.07 ENVIRONMENTAL CONTROLS; LAND USE REGULATIONS

All municipal actions, public improvements and private development shall be carried out in a manner consistent with existing environmental controls and all applicable land use regulations.

SECTION1.08 PARK & OPEN SPACE TO BE CREATED

Park and open space within the Development District, if created, will be created in accordance with the City's Comprehensive Plan and zoning and subdivision ordinances.

SECTION 1.09 PROPOSED REUSE OF PROPERTY

The Development Program provides authority for the City to acquire property and reconvey the same to another entity. All parcels in the Development District are eligible for acquisition. In acquiring land, the City Council 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 Project Costs associated with the proposed acquisition. It is the intent of the City 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 City is a party.

SECTION 1.10 ADMINISTRATION AND MAINTENANCE OF DEVELOPMENT DISTRICT

Maintenance and operation of the Development District will be the responsibility of the City Clerk or designee of the City who shall serve as administrator (the "Administrator") of the Development District for the City. Each year the Administrator will submit to the City the maintenance and operation budget for the following year.

The Administrator will administer the Development District pursuant to the provisions of Section 469.131 of the Development District Act; provided, however, that such powers may only be exercised at the direction of the City Council. No action taken by the Administrator pursuant to the above-mentioned powers shall be effective without authorization by the City Council.

SECTION 1.11 AMENDMENTS

The City reserves the right to alter and amend the Development Program, subject to the provisions of state law regulating such action. The City specifically reserves the right to enlarge or reduce the size of the Development District, the Development Program and the Project Costs.

SEE DEVELOPMENT DISTRICT MAP ON FOLLOWING PAGE

Subsection 2-1. Foreword

The City of Maple Lake (the "City"), staff and consultants have prepared the following information to expedite the establishment of Tax Increment Financing District No. 5-2 (the "District"), a Housing tax increment financing district, located in Municipal 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 plan constitutes the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Development Program for Municipal Development District No. 5.

Subsection 2-3. Statement of Objectives

Tax Increment District No. 5-2 will provide gap financing an affordable 58-unit apartment building where the outstanding assessment bond payment and the removal of soils add extraordinary costs to the project over what it would incur on a typical greenfield site. The anticipated private investment is over $14 million. The project will fill a need in Maple Lake which currently has a 0% vacancy rate for multifamily rentals.

Please see Appendix A for further District information. The City has not entered into an agreement at the time of preparation of this TIF Plan, but development is likely to occur in 2027. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for Municipal 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 Housing activities. These activities are anticipated to occur over the life of Municipal 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, adjacent and internal rights-of-way, and the external road system immediately serving the development site 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.

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. 10(a)(1).*

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

- The District is a housing district consisting of 1 parcel
- The development will consist of approximately 58 units of multi-family rental housing
- 20% of the units will be occupied by person with incomes less than 50% of median income
- No more than 20 percent of the square footage of the building that is receiving assistance from tax increment consists of commercial, retail or other non-residential uses.

Pursuant to M.S., Section 469.176, Subd. 7, the District does not contain any parcel or part of a parcel that qualified under the provisions of *M.S., Sections 273.111, 273.112, or 273.114 or Chapter 473H* for taxes payable in any of the five calendar years before the filing of the request for certification of the District.

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

Pursuant to *M.S., Section 469.175, Subd. 1, and M.S., Section 469.176, Subd. 1*, the duration 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. The City elects to receive the first increment in 2029, 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 2055, 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 2026 for taxes payable 2027.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2029) 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 2026, assuming the request for certification is made before June 30, 2027. The estimated ONTC and the P2027 Original Local Tax Rate for the District are not available at this time. The rates that appear in the table below are the most recent rates available for taxes payable in 2026.

Pursuant to *M.S., Section 469.174 Subd., and M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within Municipal 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 2029. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed (in 2028).

Project Estimated Tax Capacity upon Completion (PTC)	$151,629	
Original Estimated Net Tax Capacity (ONTC)	$3,729	
Estimated Captured Tax Capacity (CTC)	$147,900	
Fiscal Disparities Rate	0%	
Fiscal Disparities Reduction	Not Applicable	
Original Local Tax Rate	112.4783%	Pay 2026
Estimated Annual Tax Increment (CTC x Local Tax Rate)	$166,355	
Percent Retained by the City	100%	

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 has determined no building permits have been issued in the past 18 months.

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 bonded indebtedness or other indebtedness as a result of the TIF Plan. As presently proposed, the project within the District will be financed by a pay-as-you-go note. 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 City will issue bonds or incur other debt only upon determination that such action is in the best interest of the City.

The total estimated tax increment revenues for the District are expected to be approximately as shown in the table below:

SOURCES OF FUNDS	TOTAL
Tax Increment	$ 2,380,650
Interest	$ 2,941,973
TOTAL	**$ 5,633,508**

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 $2,645,167. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or inter fund 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

Tax Increment District No. 5-2 will provide gap financing an affordable 58-unit apartment building where the outstanding assessment bond payment and the removal of soils add extraordinary costs to the project over what it would incur on a typical greenfield site. The anticipated private investment is over $14 million. The project will fill a need in Maple Lake which currently has a 0% vacancy rate for multifamily rentals.

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 of property in and around the District. To facilitate the establishment and development of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

USES OF TAX INCREMENT FUNDS	TOTAL

Assessment Bond	$800,000
Soil Correction	$750,000
Affordable Housing	$ 830,650
City Administration	$ 561,323
PROJECT COST TOTAL	$ 2,941,973
Interest	$ 2,691,535
PROJECT AND INTEREST COSTS TOTAL	**$ 5,633,508**

The total project cost, including financing costs (interest) listed in the table on the previous page does not exceed the total projected tax increments for the District as shown in Appendix D.

Estimated costs associated with the District are subject to change among the categories without a modification to this TIF Plan. The cost of all the activities to be considered of the tax increment financing will not exceed without formal modification, the budget above pursuant to the applicable statutory requirements. Pursuant to M.S., Section 469.1763, Subd. 2, no more than 25 percent of the tax increment paid by the property within the District will be spent on activities related to housing outside of the District but within the boundaries of Development District No. 5 (including administrative costs, which are considered to be spent outside of the District) subject to the limitations as described in the TIF Plan.

Subsection 2-11. Fiscal Disparities Election

For communities affected by the fiscal disparity provisions of Minnesota Statutes, Chapter 473F and Chapter 276A, the original net tax capacity of the TIF District shall be determined before the application of fiscal disparity. In subsequent years, the current net tax capacity shall either (a) be determined before the application of fiscal disparity or (b) exclude the product of any fiscal disparity increase in the TIF District (since the original net tax capacity was certified) times the appropriate fiscal disparity ratio. The method the City elects shall remain the same for the life of the TIF District, except that a single change may be made at any time from method (a) to method (b) above. ***The City is not part of the fiscal disparities program.***

Subsection 2-12. 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 sub-district 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; and

(22) Federal loan funds provided through the United States Department of Commerce, Economic Development Administration.

The City will comply with *M.S., Sections 116J.993 to 116J.995* to the extent the tax increment assistance under this TIF Plan falls under exemption (7).

Subsection 2-13. 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 2-14. Estimated Impact on Other Taxing Jurisdictions

The estimated impact on other taxing jurisdictions assumes that the development contemplated by the TIF Plan would occur without the creation of the District. However, the City has determined that such development or 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

	Pay 2026 Total Net Tax Capacity	**Estimated Captured Tax Capacity (CTC) Upon Completion**	**Percent of CTC to Entity Total**
Wright County	301,032,133	147,900	0.000491%
City of Maple Lake	3,449,039	147,900	0.042882%
Maple Lake Schools ISD No. 881	11,783,268	147,900	0.012552%

IMPACT ON TAX RATES

	Pay 2026 Extension Rates	**Percent of Total**	**CTC**	**Potential Taxes**
Wright County	.35187	31.28%	147,900	42,263
City of Maple Lake	.56445	50.18%	147,900	74,216
Maple Lake Schools ISD No. 881	.20846	18.54%	147,900	27,420
Total	**1.12478**	**100%**		**$143,899**

The estimates listed display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Pay 2026 rate. The total net capacity for the entities listed is based on proposed Pay 2026 figures.

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 **$5,633,508.**

(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. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or require that the City expand its police force.

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 and include fire protection equipment.

The impact of the District on public infrastructure is expected to be minimal. The development is not expected to significantly impact traffic movements in the area. The current infrastructure for sanitary sewer, storm sewer and water will be able to handle the additional volume generated from the proposed development. Based on the development plans, there are no additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks. The development in the District is expected to contribute a credit for 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. There may be some general obligation debt issued in relation to this project, however, the amount will be such that there will be no impact on the City's ability to issue future debt or on the City's debt limit.

(3) Estimated amount of tax increment attributable to school districts 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 $685,500.

(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 $1,056,575.

(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 TIF Plan.

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

Subsection 2-15. Supporting Documentation

Pursuant to *M.S. Section 469.175, Subd. 1 (a), clause 7* the TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S. Section 469.175, Subd. 3, clause (b)(2)* and the findings are required in the resolution approving the District. Following is a list of reports and studies on file at the City that support the City's findings:

- **EDA Staff Reports**: 10/6/2026; 11/5/2026; 11/20/2026
- **2014 Comprehensive Plan:** Chapter III.B.
- **Planning Commission Review:** 11/10/2026
- **TIF Applications -** District No. 5-2

Subsection 2-16. 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 2-17. 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 following the date of certification of the original net tax capacity by the county auditor but shall not be enlarged after five years following the date of certification of the original net tax capacity by the county auditor. If an economic development 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. 12*, must be documented in writing and retained. 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 2-18. 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 Treasurer 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 2-19. 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 July 2023 and report such actions to the County Auditor.

Subsection 2-20. 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 Municipal 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 Municipal 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.*

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 Wright 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, pooling option, and the costs of public improvement activities outside the District.

Subsection 2-21. 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 Municipal Development District No. 5 or the District.

Subsection 2-22. 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 25 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 25 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 2-23. 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 2-24. Administration of the District

Administration of the District will be handled by the City Administrator.

Subsection 2-25. 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 2-26. 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 and that 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 the 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 District permitted by the TIF Plan. 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. A comparative analysis of estimated market values both with and without establishment of the District and the use of tax increments has been performed as described above. Such analysis is included with the cash flow in Appendix D, and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the District and the use of tax increments.

Subsection 2-27. 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 Municipal 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. Pooling Limitations. At least 75 percent of tax increments from the District must be expended on activities in the District or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities within said district or to pay, or secure payment of, debt service on credit enhanced bonds. Not more than 25 percent of said tax increments may be expended, through a development fund or otherwise, on activities outside of the District except to pay, or secure payment of, debt service on credit enhanced bonds. For purposes of applying this restriction, all administrative expenses must be treated as if they were solely for activities outside of the District.

3. Five Year Limitation on Commitment of Tax Increments. Tax increments derived from the District shall be deemed to have satisfied the 75 percent test set forth in paragraph (2) above only if the five year rule set forth in *M.S., Section 469.1763, Subd. 3,* has been satisfied; and beginning with the sixth year following certification of the District, 75 percent of said tax increments that remain after expenditures permitted under said five year rule must be used only to pay previously committed expenditures or credit enhanced bonds as more fully set forth in *M.S., Section 469.1763, Subd. 5*.

Subsection 2-27. Summary

Tax Increment District No. 5-2 will provide gap financing an affordable 58-unit apartment building where the outstanding assessment bond payment and the removal of soils add extraordinary costs to the project over what it would incur on a typical greenfield site. The anticipated private investment is over $14 million. The project will fill a need in Maple Lake which currently has a 0% vacancy rate for multifamily rentals.

The TIF Plan for the District was prepared by Kirstin Chatfield, Development Consultant, 13235 Flora Street NW, Minneapolis MN 55448, telephone 651-238-4440. Reviewed by Andrew Biggerstaff, Kennedy & Graven, Chartered, 150 S 5th St, Suite 700, Minneapolis, MN 55402, 612-337-9288.

Appendix A

Project Description

Tax Increment District No. 5-2 will provide gap financing an affordable 58-unit apartment building where the outstanding assessment bond payment and the removal of soils add extraordinary costs to the project over what it would incur on a typical greenfield site. The anticipated private investment is over $14 million. The project will fill a need in Maple Lake which currently has a 0% vacancy rate for multifamily rentals.

Appendix B

{Insert Location Map}

Property Located on 5th Street in Maple Lake

Appendix C

Description of Property to be Included in the District

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

PARCEL NUMBERS	Legal Description
363023140044	TBD

Appendix D

Assumptions and Rates					
District Type	**Housing**		Fiscal Disparities Ratio	NA	
Inflation Rate - Every _ Years	2.00%		Fiscal Disparities Metro Wide Tax Rate	NA	
Interest Rate:	6.00%		Local Tax Rate - Current	112.4783%	
Note Issued Date (Present Value Date):	**01-Aug-28**		State Wide Property Tax Rate (Used for total taxes)	NA	
Local Tax Rate - Frozen	112.4783%	**Pay 2026**	Market Value Tax Rate (used for total taxes)	0.17196%	
Fiscal Disparities Election (A - outside or B inside)	**NA**				
Year District was certified	**Pay 2028**		Commercial Industrial Class Rate(preferred)	1.5%-2.0%	
Assumes First Tax Increment For District	2029		First 150,000	1.50%	
Years of Tax Increment	25		Over 150,000	2.00%	
Assumes Last Year of Tax Increment	2055		Commerical Industrial Class Rate (C/I)	2.00%	
			Rental Class Rate	1.25%	**Pay 2027**
			Residential Class R - Under $500,000	1.00%	
			Over $500,000	1.25%	

Base Value Information (original tax capacity)

PID		Land Market Value	Building Market Value	Percentage of value used for District	Total Original Market Value*	Tax Year Original Market Value	Property Tax Class Rate	Original Tax Capacity	Tax Rate After Conversion	After Conversion Orig. Tax Rate
363023140044	Unimproved Residential Land	298,300	0	100%	298,300	2026	Rental	3,729	Rental	3,729
			-		**298,300**			**3,729**		**3,729**

PROJECT INFORMATION

Use	Land Value	Building Value	Total Estimated Market Value	Property Tax Class Rate	Project Tax Capacity	% Completed 2027	First Year Full Taxes Payable
Apts Phase 1	298,300	11,832,000	12,130,300	Rental	151,629	100%	2029
TOTAL	**298,300**	**11,832,000**	**12,130,300**		**151,629**		

TAX CALCULATIONS

New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	Statewide Property Taxes	Market Value Taxes	Total Taxes	Number of units/ sq.ft.	Taxes per unit/sq.ft.
Apts Phase 1	151,629	0	151,629	170,549	0	0	20,859	191,409	58	3,300
TOTAL	**151,629**	**0**	**151,629**	**170,549**	**0**	**0**	**20,859**	**191,409**		

TAX INCREMENT CASH FLOW									
Project Tax Capacity	Original Tax Capacity	Captured Tax Capacity	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10 percent	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.
151,629	3,729	147,900	166,355	83,178	299	8,288	74,590	72,418	0.5
				83,178	299	8,288	74,590	142,727	1.0
154,661	3,729	150,933	169,766	84,883	306	8,458	76,120	212,387	1.5
				84,883	306	8,458	76,120	280,018	2.0
157,755	3,729	154,026	173,246	86,623	312	8,631	77,680	347,026	2.5
				86,623	312	8,631	77,680	412,081	3.0
160,910	3,729	157,181	176,794	88,397	318	8,808	79,271	476,536	3.5
				88,397	318	8,808	79,271	539,113	4.0
164,128	3,729	160,399	180,414	90,207	325	8,988	80,894	601,112	4.5
				90,207	325	8,988	80,894	661,305	5.0
167,410	3,729	163,682	184,106	92,053	331	9,172	82,550	720,940	5.5
				92,053	331	9,172	82,550	778,839	6.0
170,759	3,729	167,030	187,872	93,936	338	9,360	84,238	836,201	6.5
				93,936	338	9,360	84,238	891,892	7.0
174,174	3,729	170,445	191,714	95,857	345	9,551	85,961	947,067	7.5
				95,857	345	9,551	85,961	1,000,635	8.0
177,657	3,729	173,928	195,632	97,816	352	9,746	87,717	1,053,705	8.5
				97,816	352	9,746	87,717	1,105,230	9.0
181,210	3,729	177,482	199,628	99,814	359	9,945	89,509	1,156,276	9.5
				99,814	359	9,945	89,509	1,205,835	10.0
184,835	3,729	181,106	203,705	101,852	367	10,149	91,337	1,254,933	10.5
				101,852	367	10,149	91,337	1,302,602	11.0
188,531	3,729	184,803	207,863	103,931	374	10,356	93,201	1,349,826	11.5
				103,931	374	10,356	93,201	1,395,675	12.0
192,302	3,729	188,573	212,104	106,052	382	10,567	95,103	1,441,097	12.5
				106,052	382	10,567	95,103	1,485,196	13.0
196,148	3,729	192,419	216,430	108,215	390	10,783	97,043	1,528,883	13.5
				108,215	390	10,783	97,043	1,571,298	14.0
200,071	3,729	196,342	220,842	110,421	398	11,002	99,021	1,613,318	14.5
				110,421	398	11,002	99,021	1,654,113	15.0
204,072	3,729	200,344	225,343	112,672	406	11,227	101,039	1,694,528	15.5
				112,672	406	11,227	101,039	1,733,765	16.0
208,154	3,729	204,425	229,934	114,967	414	11,455	103,098	1,772,635	16.5
				114,967	414	11,455	103,098	1,810,374	17.0
212,317	3,729	208,588	234,616	117,308	422	11,689	105,197	1,847,759	17.5
				117,308	422	11,689	105,197	1,884,056	18.0
216,563	3,729	212,834	239,393	119,696	431	11,927	107,339	1,920,012	18.5
				119,696	431	11,927	107,339	1,954,922	19.0
220,894	3,729	217,166	244,264	122,132	440	12,169	109,523	1,989,504	19.5
				122,132	440	12,169	109,523	2,023,079	20.0
225,312	3,729	221,584	249,233	124,617	449	12,417	111,751	2,056,339	20.5
				124,617	449	12,417	111,751	2,088,631	21.0
229,819	3,729	226,090	254,302	127,151	458	12,669	114,024	2,120,620	21.5
				127,151	458	12,669	114,024	2,151,676	22.0
234,415	3,729	230,686	259,472	129,736	467	12,927	116,342	2,182,442	22.5
				129,736	467	12,927	116,342	2,212,311	23.0
239,103	3,729	235,375	264,745	132,373	477	13,190	118,706	2,241,900	23.5
				132,373	477	13,190	118,706	2,270,627	24.0
243,885	3,729	240,157	270,124	135,062	486	13,458	121,118	2,299,083	24.5
				135,062	486	13,458	121,118	2,326,711	25.0
248,763	3,729	245,034	275,610	137,805	496	13,731	123,578	2,354,079	25.5
				137,805	496	13,731	123,578	2,380,650	26.0
Totals				**5,633,508**	**20,281**	**561,323**	**5,051,905**	**2,380,650**	
Present Value Date 8-1-28 Present Value Rate 6.0%						**264,517**			

Appendix E

Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for Tax Increment Financing District No. 5-2 as required pursuant to *M.S., Section 469.175, Subd. 3* are as follows:

1. *Finding that Tax Increment Financing District No. 5-2 is a housing district as defined in M.S., Section 469.174, Subd. 11.* Tax Increment Financing District No. 5-2 consists of 1 parcel. The development will consist of the construction of a 58-unit rental apartment project in the City, all or a portion of which will receive tax increment assistance and will meet income restrictions described in M.S. 469.1761. 20 percent of the units receiving assistance will have incomes at or below 50 percent of area median income.

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that 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 the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of Tax Increment Financing District No. 5-2 permitted by the TIF Plan.*

   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 justified on the grounds that the cost of land acquisition, site and public improvements, utilities and construction of affordable housing add to the total development cost. Historically, the costs of site and public improvements as well as reduced rents required for affordable housing in the City have made development infeasible without tax increment assistance. The City reasonably determines that no other development of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

   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: The City supported this finding on the grounds that the cost of demolition, remediation and site improvements add to the cost of the development. The City reasonably determines that no other development of similar scope is anticipated on this site without similar assistance being provided to the development given the site configuration, demolition of the functionally obsolete structure, remediation needs, and parking considerations.

   a. The City's estimate of the amount by which the market value of the entire District will increase without the use of tax increment financing is $0.

   b. If the proposed development occurs, the total increase in market value will be $11,832,000 (see Appendix D and E of the TIF Plan)

   c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be $2,380,650 (see Appendix D of the TIF Plan).

d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than $9,451,350 (the amount in clause b less the amount in clause c) without tax increment assistance.

But-For Analysis	
Current Market Value	298,300
New Market Value - Estimate	12,130,300
Difference	11,832,000
Present Value of Tax Increment	2,380,650
Difference	9,451,350
Value Likely to Occur without TIF is less than	**9,451,350**

3. *Finding that the TIF Plan for Tax Increment Financing District No. 5-2 conforms to the general plan for the development of the municipality as a whole*.

The TIF Plan conforms to the general development plan of the City and is compliant with The City's Comprehensive Plan.

4. *Finding that the Tax Increment Financing Plan for Tax Increment Financing District No. 5-2 will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development of Municipal 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.