



Lucas Dahling
Finance Director
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509 W. 5th St.
Red Wing, MN 55066

TO: Goodhue County Board of Commissioners
FROM: Lucas Dahling, Finance Director
SUBJECT: City of Zumbrota TIF District No. 1-20
DATE: March 4, 2025

Background

The Finance Department received notice of the proposed Tax Increment Financing (TIF) District No. 1-20 from the City of Zumbrota on February 14, 2025. As required by law, staff distributed the information to the County Board on February 14, 2025, via email and has placed it on the March 4th County Board Agenda should the Board wish to submit written comments. The Board is not being asked to approve the project as that is solely at the discretion of the Zumbrota City Council.

Discussion

As outlined in the notification, the City of Zumbrota is proposing a 26-year redevelopment TIF district that encompasses three parcels (72.100.1250, 72.100.1260, and 72.100.1270). The purpose of the TIF is to facilitate the development of 38 units of workforce rental housing. Note parcel 72.100.1250 is currently owned by the City of Zumbrota and is exempt from property taxes.

Scope of the Project

At least 50% of the buildings in the district have been found to be structurally substandard. The City has indicated in writing that it will be necessary to provide assistance to the project for certain district costs. The City intends to utilize tax increment financing to assist the developer on a pay-as-you-go basis. Tax increment will only be used to reimburse the developer for eligible costs.

Estimated Fiscal and Economic Implications

The County taxes collected from these parcels for pay 2024 was \$2,247.60, which the County will continue to collect under TIF law. The proposed TIF is expected to generate a total of \$240,695 annually from the three major taxing jurisdictions or \$82,743 from Goodhue County alone. More detailed information can be found in the attached analysis that has been completed by Ehlers.

Find your Good here.

Again, the City of Zumbrota is not seeking approval of the proposed TIF project as the Board is limited to the actions outlined below:

Upon notification of a proposed TIF District:

1. **County Auditor** must provide copies of the authority's proposed TIF plan and estimate of fiscal and economic implications of the proposed TIF district to County Board members upon receipt from the authority. Minn. Stat. § 469.175, subd. 2(a).
2. **County Board** may adopt standard questions on information requested for fiscal and economic implications in a written policy. Minn. Stat. § 469.175, subd. 2(b)(5).
3. **County Board** may, absent standard questions, request additional information within 15 days after receipt of the proposed TIF plan. Minn. Stat. § 469.175, subd. 2(b)(5).
4. **County Board** may submit written comments within 30 days of receipt of authority's proposed TIF plan and estimate of fiscal and economic implications. Minn. Stat. § 469.175, subd. 2(a).
5. **County Commissioner** who represents the area of a proposed housing or redevelopment district may submit written comments on the proposal within 30 days of receiving written notice of the proposed district. Minn. Stat. § 469.175, subd. 2(a).
6. **County Board** may notify the authority and municipality of its intent to use tax increments to finance county road improvements within 45 days after receipt of the proposed TIF plan. Minn. Stat. § 469.175, subd. 1a(b).

Please find attached a copy of 1) Notification Letter, 2) TIF Plan & Analysis, 3) Photos of Properties, and 4) Pay 2024 Tax Statements. The City has scheduled a **public hearing for Thursday, March 20, 2025, at approximately 6:00 pm** to receive public comment on the establishment of the proposed TIF District. If the County wishes, they can submit written comments by no later than 30 days of receiving written notice of the proposed district.

Recommendation

Staff does not see any issues with the proposed TIF, however, the Board should inform staff if they have any significant comments you would like relayed to the City of Zumbrota regarding the use of their proposed TIF.

February 14, 2025

Brian Anderson
Goodhue County Auditor-Treasurer
509 W. 5th Street
Red Wing, MN 55066

Stephanie Miller, School Board Clerk
ISD 2805 (Zumbrota-Mazeppa Public Schools)
705 Mill Street
Zumbrota, MN 55992

Dear Brian Anderson and Stephanie Miller:

The City of Zumbrota (the "City") is considering a proposal to modify the Development Program for Municipal Development District No. 1 and to adopt a Tax Increment Financing Plan (the "TIF Plan") to establish Tax Increment Financing District No. 1-20: 70 - 3rd Street (the "TIF District"). The TIF District will be a redevelopment tax increment financing district, with a maximum term of 26 years. Tax increments collected from the TIF District will enable the City to facilitate the development of 38-units of workforce rental housing. A map of the District is in Appendix A of the attached TIF Plan.

As required by Minnesota Statutes, Section 469.175, Subd. 2 and 4, we are forwarding a draft of the TIF Plan, which includes the estimated fiscal and economic implications of the proposed TIF District. Pursuant to M.S. Section 469.175 Subd. 2(b), the City has added additional fiscal implications language related to police, fire, infrastructure, and borrowing costs, as well as the expected amounts of taxes and tax increment attributable to the County and School District.

The City reserves the right to make changes to this draft document prior to the public hearing; however, the authorized costs will not increase.

We invite you to attend the public hearing to be held by the City Council at the City Council Chambers on March 20, 2025 beginning at approximately 6:00 PM. Please direct any comments or questions to Brian Grudem at the City of Zumbrota at (507) 732-7318, or to me at (651) 697-8516.

Sincerely,

A handwritten signature in black ink that reads 'Rebecca Kurtz'.

Rebecca Kurtz, Senior Municipal Advisor

Acting for and on behalf of the City of Zumbrota, Minnesota

Enc.

cc: Brian Grudem, City of Zumbrota
Mary Ippel, Taft Stettinius & Hollister LLP
Maren Magill, Taft Stettinius & Hollister LLP

Public Hearing Date: March 20, 2025

City of Zumbrota Goodhue County, Minnesota

**MODIFICATION TO THE
DEVELOPMENT PROGRAM**
Municipal Development District No. 1

&

Tax Increment Financing (TIF) Plan
Establishment of Tax Increment Financing
District No. 1-20: 70 - 3rd Street
(a redevelopment district)



Prepared by:

Ehlers
3060 Centre Pointe Drive
Roseville, Minnesota 55113

BUILDING COMMUNITIES. IT'S WHAT WE DO.

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Modification to the Development Program for Municipal Development District No. 1

FOREWORD

The following text represents a Modification to the Development Program for Municipal Development District No. 1. This modification represents a continuation of the goals and objectives set forth in the Development Program for Municipal Development District No. 1. Generally, the substantive changes include the establishment of Tax Increment Financing District No. 1-20: 70 - 3rd Street.

For further information, a review of the Development Program for Municipal Development District No. 1, is recommended. It is available from the City Administrator at the City of Zumbrota. Other relevant information is contained in the tax increment financing plans for the tax increment financing districts located within Municipal Development District No. 1.

Tax Increment Financing Plan for Tax Increment Financing District No. 1-20: 70 - 3rd Street

FOREWORD

The City of Zumbrota (the "City"), staff and consultants have prepared the following information to expedite the establishment of Tax Increment Financing District No. 1-20: 70 - 3rd Street (the "District"), a redevelopment tax increment financing district, located in Municipal Development District No. 1.

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 - 469.133*, inclusive, as amended, and *M.S., Sections 469.174 to 469.1794*, inclusive, as amended (the "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 Municipal Development District No. 1.

STATEMENT OF OBJECTIVES

The District currently consists of three (3) parcels of land and adjacent roads and internal rights-of-way. The District is being created to facilitate the development of 38-units of workforce rental housing in the City. The City anticipates entering into an agreement with Kenner-Baartman Properties XIII, LLC. Development is anticipated to begin in Spring 2025. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for Municipal Development District No. 1.

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 Municipal Development District No. 1 and the District.

DEVELOPMENT PROGRAM OVERVIEW

Pursuant to the Development Program and authorizing state statutes, the City is authorized to undertake the following activities in the District:

1. Property to be Acquired - The City currently owns one parcel of property within the District. The remaining property located within the District, including interior and adjacent street rights of way, 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.

DESCRIPTION OF PROPERTY IN THE DISTRICT AND PROPERTY TO BE ACQUIRED

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

Parcel number	Address	Owner
72.100.1260	70 - 3rd St. W	Frandsen Bank
72.100.1270	93 - 2nd St. W	Frandsen Parking
72.100.1250	Unassigned	City

Please also see the map in Appendix A 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.

The City currently owns one (1) parcel of the property to be included in the District.

DISTRICT CLASSIFICATION

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 redevelopment district pursuant to *M.S., Section 469.174, Subd. 10(a)(1)*.

- The District is a redevelopment district consisting of three (3) parcels.
- An inventory shows that parcels consisting of more than 70% of the area in the District are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures.
- An inspection of the buildings located within the District finds that more than 50% of the buildings are structurally substandard as defined in the TIF Act. (See Appendix D).

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.

DURATION & FIRST YEAR OF DISTRICT'S TAX INCREMENT

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 2027, 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 2052, or when the TIF Plan is satisfied. The City reserves the right to decertify the District prior to the legally required date.

ORIGINAL TAX CAPACITY, TAX RATE & ESTIMATED CAPTURED NET TAX CAPACITY VALUE/INCREMENT & 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 2024 for taxes payable 2025.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2027) 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 2025, assuming the request for certification is made before June 30, 2025. The rates for 2025 were not available at the time the District was established. 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 Municipal Development District No. 1, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The City requests 100% of the available increase in tax capacity be used for repayment of the obligations of the City and current expenditures, beginning in the tax year payable 2027. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Tax Capacity	
Development estimated Tax Capacity upon completion	203,394
Original estimated Net Tax Capacity	4,185
Fiscal Disparities	0
Estimated Captured Tax Capacity	199,209
Original Local Tax Rate	121.5210% Pay 2023
Estimated Annual Tax Increment	\$242,081
Percent Retained by the City	100%

Note: Tax capacity includes a 4.3% 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 26. The tax capacity of the District in year one is estimated to be \$70,538.

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.

SOURCES OF REVENUE/BONDS TO BE ISSUED

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

SOURCES	
Tax Increment	\$ 3,832,281
Interest	383,228
TOTAL	\$ 4,215,509

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 issue bonds (as defined in the TIF Act) or incur other indebtedness as a result of the TIF Plan. As presently proposed, the projects within the District will be financed by pay-as-you-go notes and interfund loans.

Any refunding amounts will be deemed a budgeted cost without a formal modification to this TIF Plan. 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 may issue bonds secured in whole or in part with tax increments from the District in a maximum principal amount of \$2,326,434. 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.

USES OF FUNDS

Currently under consideration for the District is a proposal to facilitate the development of 38-units of workforce rental housing. The City has determined that it will be necessary to provide assistance to the project for certain District costs, as described herein.

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.

USES	
Land/Building Acquisition	\$ 340,000
Site Improvements/Preparation	-
Affordable Housing	1,794,820
Utilities	-
Other Qualifying Improvements	-
Administrative Costs (up to 10%)	191,614
PROJECT COSTS TOTAL	\$ 2,326,434
Interest	1,889,075
PROJECT AND INTEREST COSTS TOTAL	\$ 4,215,509

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 the Sources of Revenue section.

Estimated costs associated with the District are subject to change among categories without a modification to the 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. Pursuant to *M.S., Section 469.1763, Subd. 2*, no more than 25% of the tax increment paid by property within the District will be spent on activities related to development or redevelopment outside of the District but within the boundaries of Municipal Development District No. 1, (including administrative costs, which are considered to be spent outside of the District) subject to the limitations as described in the TIF Plan.

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			
Entity	2022/Pay 2023 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) upon completion	Percent of CTC to Entity Total
Goodhue County	100,498,183	199,209	0.1982%
City of Zumrota	4,951,006	199,209	4.0236%
ISD 2805 (Zumbro-Mazeppa Public Schools)	9,565,894	199,209	2.0825%

Impact on Tax Rates				
Entity	Pay 2023 Extension Rate	Percent of Total	CTC	Potential Taxes
Goodhue County	41.5360%	34.18%	199,209	\$ 82,743
City of Zumrota	49.4050%	40.66%	199,209	98,419
ISD 2805 (Zumbro-Mazeppa Public Schools)	29.8840%	24.59%	199,209	59,532
Other	0.6960%	0.57%	199,209	1,386
	121.5210%	100.00%		\$ 242,081

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Pay 2023 rate. The calculations are the calculations used for the Minnesota Housing Workforce Housing Grant and the related underwriting for funding. The total net capacity for the entities listed above are based on Pay 2023 figures. The District will be certified under the Pay 2025 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 \$3,832,281;
- (2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is 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 in vehicles or facilities.

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. The existing buildings, located at the site, which will be eliminated by the new development, have public safety concerns that include several unprotected old buildings with issues such as accessibility concerns. In addition, the new building will be fully sprinklered. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The impact of the District on public infrastructure is expected to be minimal. The development is not expected to significantly impact any 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 City intends to waive the SAC and WAC changes. It is anticipated that the developer will pay for storm sewer replacement or additions as well as sidewalk and road repairs as well as other infrastructure expenses related to the development.

- The probable impact of the issuance of any general obligation tax increment bonds payable from tax increment revenues from the District on the City's ability to issue debt for general fund purposes is expected to be minimal. It is not anticipated that there will be any general obligation debt issued in relation to this project, therefore 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 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 \$942,421;
 - (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 \$1,309,878;
 - (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.

SUPPORTING DOCUMENTATION

Pursuant to *M.S., Section 469.175, Subd. 1 (a), clause 7* this 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.

- (i) In making said determination, reliance has been placed upon (1) written representation made by the Developer to such effects, (2) review of the Developer's proforma; and (3) City staff awareness of the feasibility of developing the project site within the District, which is further outlined in the City Council resolution approving the establishment of the District and Appendix C.

(ii) A comparative analysis of estimated market value both with and without establishment of the District and the use of tax increments has been performed. Such analysis is included with the cashflow in Appendix B 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.

DISTRICT ADMINISTRATION

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

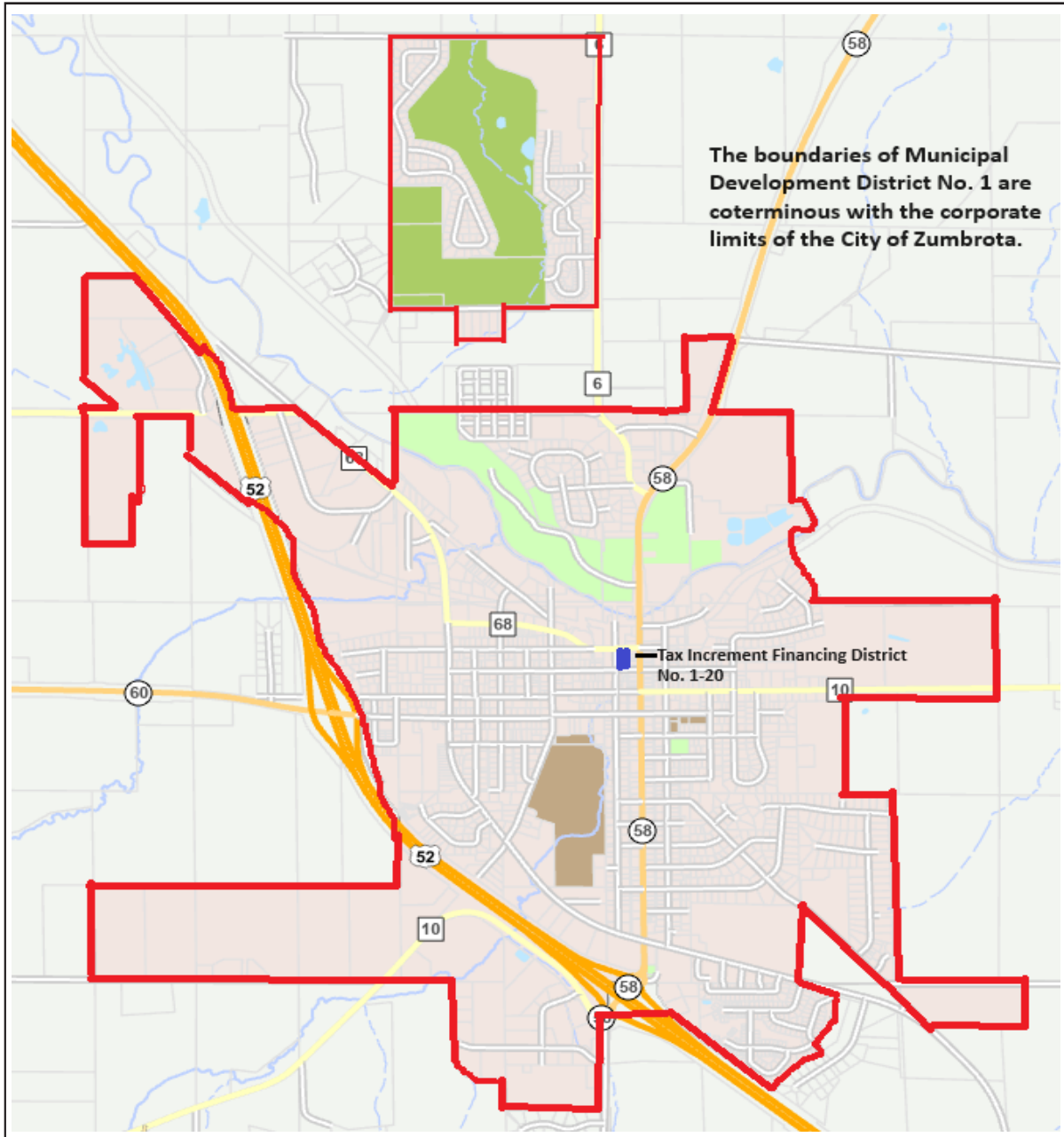
Appendix A: Map of Municipal Development District No. 1 and the TIF District

City of Zumbrota Project

Tax Increment Financing District No. 1-20

City of Zumbrota

Goodhue County, Minnesota



□ Municipal Development District No. 1

■ Tax Increment Financing District No. 1-20



Tax Increment Financing District 1-20:

PID #s:

- 72.100.1260
- 72.100.1270
- 72.100.1250

Appendix B: Estimated Cash Flow for the District

Workforce Housing Development - 4.3% Inflation

City of Zumbrota, MN

38-Units of Market Rate Workforce Rental Housing



ASSUMPTIONS AND RATES

DistrictType:	Redevelopment
District Name/Number:	TIF 1-20
County District #:	TBD
First Year Construction or Inflation on Value	2025
Existing District - Specify No. Years Remaining	
Inflation Rate - Every Year:	4.3%
Interest Rate:	5.0%
Present Value Date:	1-Aug-26
First Period Ending	1-Feb-27
Tax Year District was Certified:	Pay 2025
Cashflow Assumes First Tax Increment For Development:	2027
Years of Tax Increment	26
Assumes Last Year of Tax Increment	2052
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	NA
Incremental or Total Fiscal Disparities	Incremental
Fiscal Disparities Contribution Ratio	NA
Fiscal Disparities Metro-Wide Tax Rate	NA
Maximum/Frozen Local Tax Rate:	121.521% Pay 2023
Current Local Tax Rate: (Use lesser of Current or Max.)	121.521% Pay 2023
State-wide Tax Rate (Comm./Ind. only used for total taxes)	33.0030% Preliminary Pay 2024
Market Value Tax Rate (Used for total taxes)	0.28921% Pay 2023

Tax Rates		
Exempt Class Rate (Exempt)		0.00%
Commercial Industrial Preferred Class Rate (C/I Pref.)		
First \$150,000		1.50%
Over \$150,000		2.00%
Commercial Industrial Class Rate (C/I)		2.00%
Rental Housing Class Rate (Rental)		1.25%
Affordable Rental Housing Class Rate (Aff. Rental)		
First \$100,000		0.25%
Over \$100,000		0.25%
Non-Homestead Residential (Non-H Res. 1 Unit)		
First \$500,000		1.00%
Over \$500,000		1.25%
Homestead Residential Class Rate (Hmstd. Res.)		
First \$500,000		1.00%
Over \$500,000		1.25%
Agricultural Non-Homestead		1.00%

BASE VALUE INFORMATION (Original Tax Capacity)

Map ID	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/ Phase
A	72.100.1260	Frandsen Bank	70 - 3rd St. W	93,700	206,400	300,100	100%	300,100	Pay 2024	C/I Pref.	5,252	Rental	3,751	1
B	72.100.1270	Frandsen Parking	93 - 2nd St. W	13,000	0	13,000	100%	13,000	Pay 2024	C/I	260	Rental	163	
C	72.100.1250	City	Unassigned	18,000	3,700	21,700	100%	21,700	Pay 2024	Exempt	-	Rental	271	
				124,700	210,100	334,800		334,800			5,512		4,185	

Note:

1. Base values are for pay 2024 based on review of County website on March 11, 2024.
2. Located in SD #2805, WS #_____

Workforce Housing Development - 4.3% Inflation
 City of Zumbrota, MN
 38-Units of Market Rate Workforce Rental Housing



PROJECT INFORMATION (Project Tax Capacity)													
Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2025	Percentage Completed 2026	Percentage Completed 2027	Percentage Completed 2028	First Year Full Taxes Payable
	Apartments	148,500	148,500	38	5,643,000	Rental	70,538	1,856	100%	100%	100%	100%	2027
TOTAL					5,643,000		70,538						
Subtotal Residential				38	5,643,000		70,538						
Subtotal Commercial/Ind.				0	0		0						

Note:

1. Market values are based upon project located at 300 West Ave., Zumbrota for Pay 2024 inflated 4% annually to Pay 2027.

TAX CALCULATIONS									
New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Apartments	70,538	0	70,538	85,718	0	0	16,320	102,038	2,685.21
TOTAL	70,538	0	70,538	85,718	0	0	16,320	102,038	

Note:

1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	102,038
less State-wide Taxes	0
less Fiscal Disp. Adj.	0
less Market Value Taxes	(16,320)
less Base Value Taxes	(5,086)
Annual Gross TIF	80,632

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	334,800
New Market Value - Est.	5,643,000
Difference	5,308,200
Present Value of Tax Increment	1,850,158
Difference	3,458,042
Value likely to occur without Tax Increment is less than:	3,458,042

Workforce Housing Development - 4.3% Inflation
City of Zumbrota, MN

38-Units of Market Rate Workforce Rental Housing



TAX INCREMENT CASH FLOW														
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 5%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
100%	70,538	(4,185)	-	66,353	121.521%	80,632	40,316	(145)	(2,009)	38,162	36,324	0.5	2027	02/01/27
100%	73,590	(4,185)	-	69,405	121.521%	84,341	40,316	(145)	(2,009)	38,162	71,761	1	2027	02/01/28
100%	76,774	(4,185)	-	72,589	121.521%	88,211	42,171	(152)	(2,101)	39,918	107,925	1.5	2028	08/01/28
100%	80,096	(4,185)	-	75,911	121.521%	92,248	42,171	(152)	(2,101)	39,918	143,206	2	2028	02/01/29
100%	83,562	(4,185)	-	79,377	121.521%	96,459	44,105	(159)	(2,197)	41,749	179,207	2.5	2029	08/01/29
100%	87,177	(4,185)	-	82,992	121.521%	100,853	44,105	(159)	(2,197)	41,749	214,329	3	2029	02/01/30
100%	90,950	(4,185)	-	86,765	121.521%	105,437	46,124	(166)	(2,298)	43,660	250,163	3.5	2030	08/01/30
100%	94,885	(4,185)	-	90,700	121.521%	110,219	46,124	(166)	(2,298)	43,660	285,122	4	2030	02/01/31
100%	98,991	(4,185)	-	94,806	121.521%	115,209	48,230	(174)	(2,403)	45,653	320,786	4.5	2031	08/01/31
100%	103,274	(4,185)	-	99,089	121.521%	120,414	48,230	(174)	(2,403)	45,653	355,581	5	2031	02/01/32
100%	107,743	(4,185)	-	103,558	121.521%	125,844	50,427	(182)	(2,512)	47,733	391,073	5.5	2032	08/01/32
100%	112,405	(4,185)	-	108,220	121.521%	131,510	50,427	(182)	(2,512)	47,733	425,699	6	2032	02/01/33
100%	117,268	(4,185)	-	113,083	121.521%	137,420	52,719	(190)	(2,626)	49,902	461,016	6.5	2033	08/01/33
100%	122,343	(4,185)	-	118,158	121.521%	143,586	52,719	(190)	(2,626)	49,902	495,472	7	2033	02/01/34
100%	127,636	(4,185)	-	123,451	121.521%	150,019	55,110	(198)	(2,746)	52,166	530,612	7.5	2034	08/01/34
100%	133,159	(4,185)	-	128,974	121.521%	156,731	55,110	(198)	(2,746)	52,166	564,895	8	2034	02/01/35
100%	138,921	(4,185)	-	134,736	121.521%	163,732	57,604	(207)	(2,870)	54,527	599,856	8.5	2035	08/01/35
100%	144,932	(4,185)	-	140,747	121.521%	171,037	57,604	(207)	(2,870)	54,527	633,965	9	2035	02/01/36
100%	151,203	(4,185)	-	147,018	121.521%	178,658	60,207	(217)	(3,000)	56,991	668,744	9.5	2036	08/01/36
100%	157,746	(4,185)	-	153,561	121.521%	186,609	60,207	(217)	(3,000)	56,991	702,676	10	2036	02/01/37
100%	164,571	(4,185)	-	160,386	121.521%	194,903	62,922	(227)	(3,135)	59,561	737,273	10.5	2037	08/01/37
100%	171,692	(4,185)	-	167,507	121.521%	203,557	62,922	(227)	(3,135)	59,561	771,025	11	2037	02/01/38
100%	179,122	(4,185)	-	174,937	121.521%	212,585	65,755	(237)	(3,276)	62,242	805,438	11.5	2038	08/01/38
100%	186,872	(4,185)	-	182,687	121.521%	222,003	65,755	(237)	(3,276)	62,242	839,010	12	2038	02/01/39
100%	194,958	(4,185)	-	190,773	121.521%	231,829	68,710	(247)	(3,423)	65,040	873,236	12.5	2039	08/01/39
100%	203,394	(4,185)	-	199,209	121.521%	242,081	68,710	(247)	(3,423)	65,040	906,628	13	2039	02/01/40
100%							71,793	(258)	(3,577)	67,958	940,666	13.5	2040	08/01/40
100%							71,793	(258)	(3,577)	67,958	973,875	14	2040	02/01/41
100%							75,010	(270)	(3,737)	71,003	1,007,725	14.5	2041	08/01/41
100%							75,010	(270)	(3,737)	71,003	1,040,749	15	2041	02/01/42
100%							78,365	(282)	(3,904)	74,179	1,074,409	15.5	2042	08/01/42
100%							78,365	(282)	(3,904)	74,179	1,107,249	16	2042	02/01/43
100%							81,866	(295)	(4,079)	77,493	1,140,718	16.5	2043	08/01/43
100%							81,866	(295)	(4,079)	77,493	1,173,371	17	2043	02/01/44
100%							85,519	(308)	(4,261)	80,950	1,206,650	17.5	2044	08/01/44
100%							85,519	(308)	(4,261)	80,950	1,239,116	18	2044	02/01/45
100%							89,329	(322)	(4,450)	84,557	1,272,202	18.5	2045	08/01/45
100%							89,329	(322)	(4,450)	84,557	1,304,481	19	2045	02/01/46
100%							93,304	(336)	(4,648)	88,320	1,337,374	19.5	2046	08/01/46
100%							93,304	(336)	(4,648)	88,320	1,369,465	20	2046	02/01/47
100%							97,452	(351)	(4,855)	92,246	1,402,164	20.5	2047	08/01/47
100%							97,452	(351)	(4,855)	92,246	1,434,067	21	2047	02/01/48
100%							101,778	(366)	(5,071)	96,341	1,466,573	21.5	2048	08/01/48
100%							101,778	(366)	(5,071)	96,341	1,498,286	22	2048	02/01/49
100%							106,292	(383)	(5,295)	100,614	1,530,597	22.5	2049	08/01/49
100%							106,292	(383)	(5,295)	100,614	1,562,121	23	2049	02/01/50
100%							111,002	(400)	(5,530)	105,072	1,594,239	23.5	2050	08/01/50
100%							111,002	(400)	(5,530)	105,072	1,625,573	24	2050	02/01/51
100%							115,915	(417)	(5,775)	109,723	1,657,496	24.5	2051	08/01/51
100%							115,915	(417)	(5,775)	109,723	1,688,640	25	2051	02/01/52
100%							121,040	(436)	(6,030)	114,574	1,720,368	25.5	2052	08/01/52
100%							121,040	(436)	(6,030)	114,574	1,751,592	26	2052	02/01/53
Total							3,846,127	(13,846)	(191,614)	3,640,667				
		Present Value From 08/01/2026		Present Value Rate	5.00%		1,850,158	(6,661)	(92,175)	1,751,592				

Appendix C: Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan (TIF Plan) for Tax Increment Financing District No. 1-20: 70 - 3rd Street (the “District”), as required pursuant to *Minnesota Statutes (M.S.), Section 469.175, Subdivision 3* are as follows:

1. *Finding that Tax Increment Financing District No. 1-20: 70 - 3rd Street is a redevelopment district as defined in M.S., Section 469.174, Subd. 10.*

The District consists of three (3) parcels and vacant right-of-way, with plans to redevelop the area for the development of 38-units of workforce rental housing. Parcels consisting of 70% of the area of the District are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures and more than 50% of the buildings in the District, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance. (See Appendix D of the TIF Plan.)

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. 1-20: 70 - 3rd Street 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 supported by the fact that the redevelopment proposed in the TIF Plan meets the City's objectives for redevelopment. Due to the high cost of redevelopment on the parcels currently occupied by a substandard building, the incompatible land uses at close proximity, and the cost of financing the proposed 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 pro forma 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 District permitted by the TIF Plan: This finding is justified on the grounds that the cost of site and public improvements and utilities add to the total redevelopment cost.

Historically, construction costs, site and public improvements costs in this area have made redevelopment infeasible without tax increment assistance. The City reasonably determines that no other redevelopment of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

Therefore, the City concludes as follows:

- 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 \$5,308,200.
 - 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 \$1,850,158.
 - 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 \$3,458,042 (the amount in clause b less the amount in clause c) without tax increment assistance.
3. *Finding that the TIF Plan for the District conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The City Council 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. 1-20: 70 - 3rd Street will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Municipal Development District No. 1 by private enterprise.*

The project to be assisted by the District will result in increased employment in the City and the State of Minnesota, the renovation of substandard properties, increased tax base of the State and add a high-quality development to the City. In addition, through the implementation of the TIF Plan, the City will increase the availability of safe and decent life-cycle housing in the City.

Appendix D: Redevelopment Qualifications for the District

To be added to prior to the public hearing

72.100.1250



72.100.1260



72.100.1270





**GOODHUE COUNTY
FINANCE AND TAXPAYER SERVICES**
509 W. 5th Street
Red Wing, MN 55066
651-385-3040

TAX STATEMENT
2023 Values for Taxes Payable in

2024

VALUES & CLASSIFICATIONS			
Taxes Payable Year:	2023	2024	
Step 1	Estimated Market Value:	299,900	300,100
	Homestead Exclusion:	0	0
	Taxable Market Value:	299,900	300,100
	New Improvements:		
	Property Classification:	COMMERL PREF	COMMERL PREF
Sent in March 2023			
Step 2	PROPOSED TAX		
	Proposed Tax:		0.00
Sent in November 2023			
Step 3	PROPERTY TAX STATEMENT		
	First half Taxes:		3,936.00
	Second half Taxes:		3,936.00
	Total Taxes Due in 2024 :		7,872.00

Property ID Number: RP 72.100.1260

Taxpayer(s):
FRANSEN BANK & TRUST ZUMBROTA BRANCH
70 3RD ST W
ZUMBROTA MN 55992

Property Description:
ORIGINAL PLAT W1/2 OF LOT 1 BLK 35 EX WLY 32FT OF NLY 58FT,
& PT OF LOT 2 COM AT NE COR, W ALNG N LINE 33FT TO POB;
S29°16'44"E 68.34FT TO SE COR, W ALNG S LINE 120FT TO SW

Property Address:
70 3RD ST W

**\$\$\$
REFUNDS?**
*You may be eligible for one or even two
refunds to reduce your property tax.
Read the back of this statement to
find out how to apply.*

Taxes Payable Year:	2023	2024
1. Use this amount on Form M1PR to see if you are eligible for a homestead credit refund. File by August 15. If this box is checked, you owe delinquent taxes and are not eligible. <input type="checkbox"/>		0.00
2. Use these amounts on Form M1PR to see if you are eligible for a special refund.	0.00	
Property Tax and Credits		
3. Property Taxes Before Credits	8,234.00	7,872.00
4. Credits That Reduce Property Taxes		
A. Agricultural and Rural Land Credits	0.00	0.00
B. Other Credits	0.00	0.00
5. Property Taxes After Credits	8,234.00	7,872.00
Property Tax by Jurisdiction		
6. GOODHUE COUNTY	2,179.62	2,142.22
7. ZUMBROTA CITY	2,592.77	2,519.60
8. State General Tax	989.43	879.42
9. School District 2805		
A. Voter Approved Levies	1,122.57	1,119.42
B. Other Local Levies	1,313.08	1,159.28
10. Special Taxing Districts		
A. Other Special Taxing Districts	36.53	52.06
B. Tax Increment	0.00	0.00
11. Non-School Voter-Approved Referenda Levies	0.00	0.00
12. Total Property Tax Before Special Assessments	8,234.00	7,872.00
Special Assessments		
14. TOTAL PROPERTY TAX AND SPECIAL ASSESSMENTS	8,234.00	7,872.00

2nd Half Payment Stub - Payable 2024
TO AVOID PENALTY PAY ON OR BEFORE OCTOBER 15, 2024
Property ID Number: RP 72.100.1260

PLEASE READ BACK OF STATEMENT FOR IMPORTANT INFORMATION

If your address has changed please check this box and show the change on the back of this stub

Taxpayer(s):
FRANSEN BANK & TRUST
ZUMBROTA BRANCH
70 3RD ST W
ZUMBROTA MN 55992

Total Property Tax for 2024: \$ 7,872.00
Second half Payment Due: \$ 3,936.00
Second half Penalty Due: \$ 0.00
Second half Payment Made: \$ 3,936.00
Second half Due with Penalty: \$ 0.00

Make Checks Payable To:
GOODHUE COUNTY FINANCE AND
TAXPAYER SERVICES
509 W. 5th Street
Red Wing, MN 55066
651-385-3040

Duplicate/Revised Statement 02/2025

2023001721001260 000000000000

DETACH HERE AND RETURN THIS STUB WITH YOUR SECOND HALF PAYMENT.

1st Half Payment Stub - Payable 2024
TO AVOID PENALTY PAY ON OR BEFORE MAY 15, 2024
Property ID Number: RP 72.100.1260

PLEASE READ BACK OF STATEMENT FOR IMPORTANT INFORMATION

If your address has changed please check this box and show the change on the back of this stub

Taxpayer(s):
FRANSEN BANK & TRUST
ZUMBROTA BRANCH
70 3RD ST W
ZUMBROTA MN 55992

Total Property Tax for 2024: \$ 7,872.00
First half Payment Due: \$ 3,936.00
First half Penalty Due: \$ 0.00
First half Payment Made: \$ 3,936.00
First half Due with Penalty: \$ 0.00

Make Checks Payable To:
GOODHUE COUNTY FINANCE AND
TAXPAYER SERVICES
509 W. 5th Street
Red Wing, MN 55066
651-385-3040

Duplicate/Revised Statement 02/2025

2023001721001260 000000000000

DETACH HERE AND RETURN THIS STUB WITH YOUR FIRST HALF PAYMENT.



**GOODHUE COUNTY
FINANCE AND TAXPAYER SERVICES**
509 W. 5th Street
Red Wing, MN 55066
651-385-3040

TAX STATEMENT
2023 Values for Taxes Payable in

2024

VALUES & CLASSIFICATIONS		
Taxes Payable Year:	2023	2024
Step 1	Estimated Market Value:	12,600 13,000
	Homestead Exclusion:	0 0
	Taxable Market Value:	12,600 13,000
	New Improvements:	
	Property Classification:	COMMERL PREF COMMERL PREF
Sent in March 2023		
Step 2	PROPOSED TAX	
	Proposed Tax:	0.00
Sent in November 2023		
Step 3	PROPERTY TAX STATEMENT	
	First half Taxes:	208.00
	Second half Taxes:	208.00
	Total Taxes Due in 2024 :	416.00

Property ID Number: RP 72.100.1270

Taxpayer(s):
FRANSEN BANK & TRUST ZUMBROTA BRANCH
70 3RD ST W
ZUMBROTA MN 55992

Property Description:
ORIGINAL PLAT ID# 22-0100-12600 WLY 32 FT OF NLY 58 FT OF
LOT 1 BLK 35

Property Address:
93 2ND ST W

**\$\$\$
REFUNDS?** You may be eligible for one or even two
refunds to reduce your property tax.
Read the back of this statement to
find out how to apply.

Taxes Payable Year:	2023	2024
1. Use this amount on Form M1PR to see if you are eligible for a homestead credit refund. File by August 15. If this box is checked, you owe delinquent taxes and are not eligible. <input type="checkbox"/>		0.00
2. Use these amounts on Form M1PR to see if you are eligible for a special refund.	0.00	
Property Tax and Credits		
3. Property Taxes Before Credits	426.00	416.00
4. Credits That Reduce Property Taxes		
A. Agricultural and Rural Land Credits	0.00	0.00
B. Other Credits	0.00	0.00
5. Property Taxes After Credits	426.00	416.00
Property Tax by Jurisdiction		
6. GOODHUE COUNTY	A. COUNTY 104.83	105.38
7. ZUMBROTA CITY	124.50	124.74
8. State General Tax	83.17	76.16
9. School District 2805	A. Voter Approved Levies 50.85	51.82
	B. Other Local Levies 60.90	55.32
10. Special Taxing Districts	A. Other Special Taxing Districts 1.75	2.58
	B. Tax Increment 0.00	0.00
11. Non-School Voter-Approved Referenda Levies	0.00	0.00
12. Total Property Tax Before Special Assessments	426.00	416.00
Special Assessments		
14. TOTAL PROPERTY TAX AND SPECIAL ASSESSMENTS	0.00	0.00
	426.00	416.00

2nd Half Payment Stub - Payable 2024
TO AVOID PENALTY PAY ON OR BEFORE OCTOBER 15, 2024
Property ID Number: RP 72.100.1270

PLEASE READ BACK OF STATEMENT FOR IMPORTANT INFORMATION
If your address has changed please check this box and show the change on the back of this stub

Taxpayer(s):
FRANSEN BANK & TRUST
ZUMBROTA BRANCH
70 3RD ST W
ZUMBROTA MN 55992

Total Property Tax for 2024: \$	416.00
Second half Payment Due: \$	208.00
Second half Penalty Due: \$	0.00
Second half Payment Made: \$	208.00
Second half Due with Penalty: \$	0.00

Make Checks Payable To:
GOODHUE COUNTY FINANCE AND
TAXPAYER SERVICES
509 W. 5th Street
Red Wing, MN 55066
651-385-3040

Duplicate/Revised Statement 02/2025

2023001721001270 000000000000

DETACH HERE AND RETURN THIS STUB WITH YOUR SECOND HALF PAYMENT.

1st Half Payment Stub - Payable 2024
TO AVOID PENALTY PAY ON OR BEFORE MAY 15, 2024
Property ID Number: RP 72.100.1270

PLEASE READ BACK OF STATEMENT FOR IMPORTANT INFORMATION
If your address has changed please check this box and show the change on the back of this stub

Taxpayer(s):
FRANSEN BANK & TRUST
ZUMBROTA BRANCH
70 3RD ST W
ZUMBROTA MN 55992

Total Property Tax for 2024: \$	416.00
First half Payment Due: \$	208.00
First half Penalty Due: \$	0.00
First half Payment Made: \$	208.00
First half Due with Penalty: \$	0.00

Make Checks Payable To:
GOODHUE COUNTY FINANCE AND
TAXPAYER SERVICES
509 W. 5th Street
Red Wing, MN 55066
651-385-3040

Duplicate/Revised Statement 02/2025

2023001721001270 000000000000

DETACH HERE AND RETURN THIS STUB WITH YOUR FIRST HALF PAYMENT.