



City Council Memorandum

To: City Council

From: Eric Maass, EDFP, Economic Development Coordinator

Date: February 16, 2022

Item: Public Hearing: City Council to consider Resolution No. 02-__-22 approving modification of Development District No. 1 (Hastings Downtown Redevelopment Area) (The “Project Area”), The establishment of Tax Increment Financing District No. 9 (the “TIF District”) within the Project Area, the adoption of the modified Redevelopment Plan for the Project Area, and the adoption of Tax Increment Financing Plan relating to the TIF District.

REQUEST:

Hold the required public hearing and consider the Resolution approving modification of Development District No. 1 (Hastings Downtown Redevelopment Area) (The “Project Area”), The establishment of Tax Increment Financing District No. 9 (the “TIF District”) within the Project Area, the adoption of the modified Redevelopment Plan for the Project Area, and the adoption of Tax Increment Financing Plan relating to the TIF District.

1) Authorize Signature of Resolution.

RECOMMENDATION:

Staff recommends authorizing signature of the Resolution as presented by Staff.

BACKGROUND INFORMATION:

History:

The City has received an application from NJS Development, LLC to consider Tax Increment Financing (TIF) to help support a proposed apartment building to be constructed on a portion of the former UBC site in the downtown area. Northland Securities has provided a schedule for review of the application which requires a public hearing. The attached resolution does not approve TIF funding, but rather approves the TIF District and modified Hastings Downtown Development Area. Actual TIF financing for the project proposed by NJS Development, LLC (Flats on Third) will be considered at a future City Council meeting.

ATTACHMENTS:

- Resolution
- Location Map
- Staff Report from Northland Securities
- Draft TIP Plan

**CITY OF HASTINGS
DAKOTA COUNTY
STATE OF MINNESOTA**

RESOLUTION NO. 02-__-22

**RESOLUTION APPROVING MODIFICATION OF DEVELOPMENT
DISTRICT NO. 1 (HASTINGS DOWNTOWN REDEVELOPMENT AREA)
(THE “PROJECT AREA”), THE ESTABLISHMENT OF TAX
INCREMENT FINANCING DISTRICT NO. 9 (THE “TIF DISTRICT”)
WITHIN THE PROJECT AREA, THE ADOPTION OF THE MODIFIED
REDEVELOPMENT PLAN FOR THE PROJECT AREA, AND THE
ADOPTION OF TAX INCREMENT FINANCING PLAN RELATING TO
THE TIF DISTRICT**

WHEREAS, the Hastings Economic Development and Redevelopment Authority (the “HEDRA”) has requested that the City of Hastings, Minnesota (the “City”) approve modification of Development District No. 1 (Hastings Downtown Redevelopment Area) (the “Project Area”), the establishment of Tax Increment Financing District No. 9 (the “TIF District”) within the Project Area, the adoption of the Modified Redevelopment Plan for the Project Area, and the adoption of Tax Increment Financing Plan relating to the TIF District (the “TIF Plan”), all pursuant to and in accordance with Minnesota Statutes, Sections 469.001 through 469.047, both inclusive, as amended, Minnesota Statutes Sections 469.090 through 469.1081, both inclusive, as amended, and Minnesota Statutes, Sections 469.174 through 469.1794, both inclusive, as amended (collectively, the “Act”); and

WHEREAS, the City and HEDRA have investigated the facts relating to the proposed TIF District and have caused the TIF Plan for the TIF District to be prepared; and

WHEREAS, the City and its consultants have performed all actions required by law to be performed prior to the creation of the TIF District and the adoption of the TIF Plan relating thereto, including, but not limited to, notification of Dakota County and Independent School District No. 200, having taxing jurisdiction over the property to be included in the TIF District, approval of the TIF Plan by the HEDRA on February 10, 2022, and the holding of a public hearing upon published and required notice as required by law.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Hastings as follows:

1. Redevelopment Plan Findings. The City Council finds, determines and declares that with respect to the Modified Redevelopment Plan:

(a) That the land in the Project Area would not be made available for redevelopment without the financial aid to be sought.

(b) That the Modified Redevelopment Plan will afford maximum opportunity, consistent with the needs of the City as a whole, for the redevelopment of the Project Area and adjacent areas by private enterprise;

(c) That the Modified Redevelopment Plan conforms to the general plan for the development or redevelopment of the City as a whole, and the anticipated development is in furtherance of long range plans of the City for that area; and

(d) That the Modified Redevelopment Plan is intended and, in the judgment of the HEDRA, its effect will be, to promote the public purposes and accomplish the objectives specified in the Modified Development Plan for the Project Area.

2. Development District No. 1. There is hereby established in the City Development District No. 1, the modified boundaries of which are fixed and determined as described in the Modified Redevelopment Plan.

3. Modified Redevelopment Plan. The Modified Redevelopment Plan, as modified, for the Project Area, is adopted as the Redevelopment Plan for Development District No. 1.

4. Tax Increment Financing District No. 9. The City hereby approves the establishment of the TIF District within the Project Area, the boundaries of which are described in Section 4.03.2 and Exhibit V of the TIF Plan.

5. Tax Increment Financing Plan. The TIF Plan is adopted as the tax increment financing plan for the TIF District and is incorporated herein by reference, and the City Council makes the following findings consistent with the TIF Plan:

(a) The TIF District is a housing district as defined in Section 469.174, Subd. 10 of the Act, as described in Section 4.03.3 of the TIF Plan.

(b) In the opinion of the City Council, the development proposed in connection with establishment of the TIF District would not occur solely through private investment within the reasonably foreseeable future, and the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing (“TIF Assistance”) 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 TIF District as described in the TIF Plan.

The above finding is based on a request to the City submitted by the Developer, stating that the TIF Assistance is needed from the City and that without the use of tax increment financing, the proposed development could not proceed.

The City also finds that due to the extraordinary cost of redevelopment of the site, the City has no expectation that other similar development would occur without TIF Assistance. Therefore, the City reasonably believes that the expected increase in market value at this site without TIF Assistance would be minimal. A comparative analysis of estimated market values both with and without establishment of the TIF District and the use of tax increments has been performed.

Such analysis, included as Exhibit I to the TIF Plan, indicates that:

1. the increase in estimated market value of the proposed development is \$24,114,847; and
 2. the present value of expected tax increments collected over the maximum duration of the TIF District is \$3,900,521; and
 3. the expected increased estimated market value of the site without the use of tax increment is \$2,196,417; and
 4. even if some development other than the proposed development were to occur, the City finds that no alternative would occur that would produce a market value increase greater than \$20,214,326 (the amount in number 1 less the amount in number 2).
- (c) The TIF Plan for the TIF District No. 9 conforms to the general plan for development or redevelopment of the City as a whole because the City's comprehensive plan provides for multifamily residential housing as a permitted use on the property in the TIF District, and rezoning will not be required.

At its meeting on January 24, 2022, the Planning Commission for the City determined that the proposed modified Redevelopment Plan and the proposed TIF Plan conform to the general plan for the development or redevelopment of the City as a whole.

- (d) The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of the TIF District by private enterprise. Through the implementation of the TIF Plan, the City will provide an impetus for construction of multifamily housing by a private developer on currently underdeveloped land, thereby increasing housing options in the City and encouraging potential further development of the surrounding properties by other private developers within the Project.

6. Public Purpose. The adoption of the TIF Plan conforms in all respects to the requirements of the Act and will help fulfill a need to redevelop an area of the City which is already built up, to provide increased housing options to City residents, to improve the tax base, and to improve the general economy of the State, and thereby serves a public purpose.

7. Certification. City and HEDRA staff and consultants are authorized and directed to proceed with implementation of the TIF Plan and to transmit the request for certification of the TIF District to the Dakota County Auditor in such form and content as the County Auditor may specify, together with a list of all properties within the TIF District for which building permits have been issued during the 18 months immediately preceding the adoption of this Resolution. The Dakota County Auditor is requested to certify the original net tax capacity of the TIF District as described in the TIF Plan, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased in accordance with the Act.

8. Filing. The City Administrator or designee is authorized and directed to file copies of the Program and TIF Plan with the Commissioner of Revenue and Office of the State Auditor following HEDRA approval of an agreement with the Developer for the TIF Assistance.

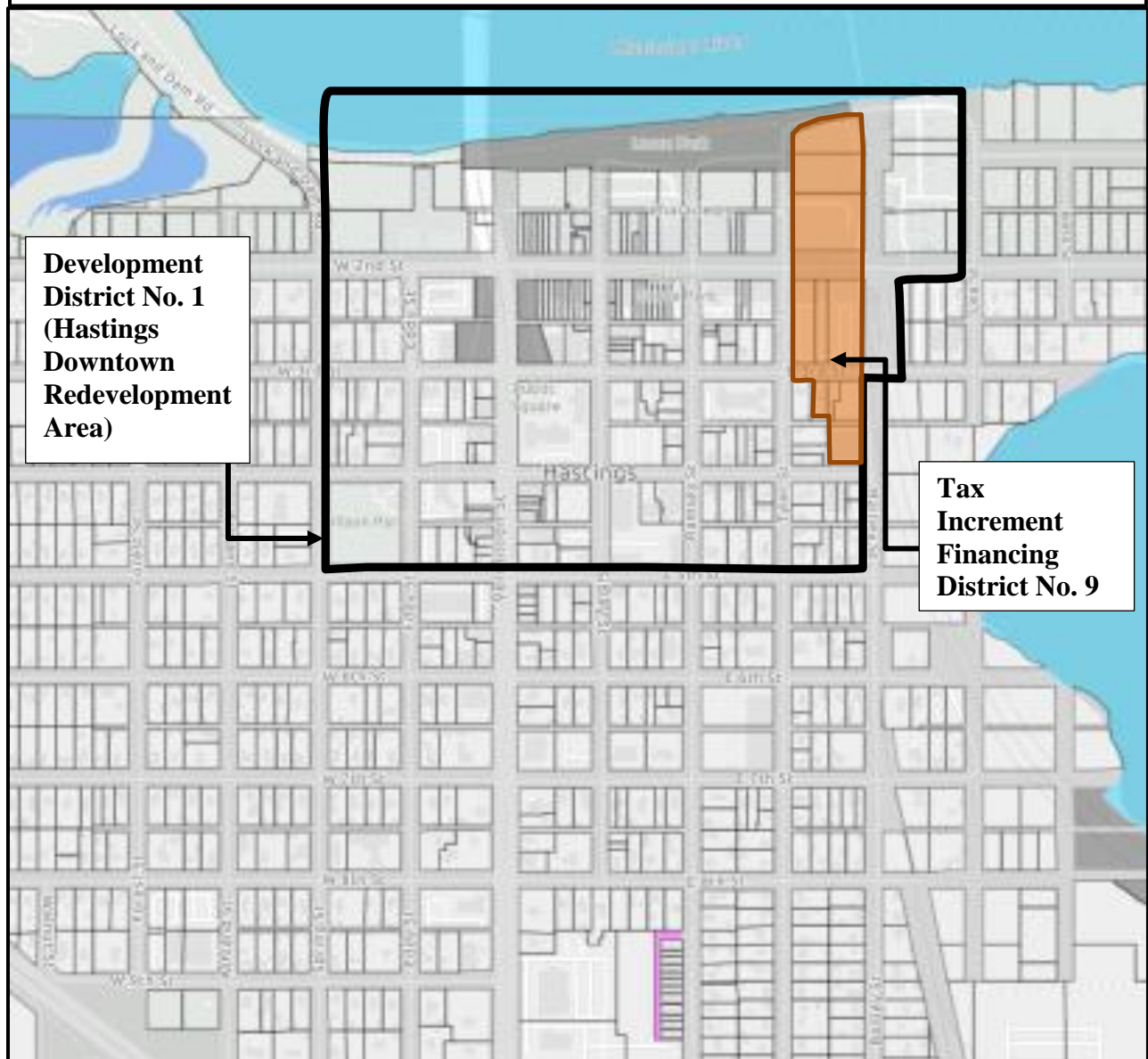
Approved by the City Council of the City of Hastings, Minnesota on February 22, 2022.

Mary Fasbender, Mayor

ATTEST:

Kelly Murtaugh, Assistant City Administrator

Tax Increment Financing District No. 9



**Development
District No. 1
(Hastings
Downtown
Redevelopment
Area)**

**Tax
Increment
Financing
District No. 9**

Tax Increment Financing District No. 9 Development District No. 1 Hastings Downtown Redevelopment Area

City of Hastings
Dakota County, Minnesota

**MEMORANDUM**

To: Mayor Fasbender & City Council Members

From: Tammy Omdal, Managing Director
Jessica Green, Managing Director

Date: February 15, 2022

Re: Overview of Tax Increment Financing District No. 9

This memorandum provides an overview of the proposed establishment of Tax Increment Financing (TIF) District No. 9. This matter was considered by the Hastings Economic and Redevelopment Authority (HEDRA) on February 10th, 2022 and a resolution approving TIF District No. 9 was adopted, subject to consideration by the City Council.

Proposed Development

The City of Hastings received an Application for Tax Increment Financing Assistance from NJS Development, LLC (the "Developer"). The Developer is requesting tax increment financing (TIF) assistance from the City to assist with the financing of a market-rate 89-unit apartment building consisting of studio, one and two-bedroom units to be located on an approximate 2-acre site at 404 3rd Street East (the "Project") within the City. The request by the Developer is for the City to establish a Redevelopment TIF district to capture the increase in property taxes from the development for a maximum period of 25 years.

Northland has reviewed the information submitted by the Developer, including the project pro forma, land acquisition costs, construction costs, developer fees, operating expenses and rental rates, among other items. Based on our review, we find the information provided to be within general industry standards.

The Developer's request for public financial assistance is to assist with the extraordinary costs of redevelopment and construction of the Project. The Developer has represented that it will not undertake the Project as proposed without the approval of the requested public financial assistance. It is Northland's opinion that the Project as proposed, which includes enclosed parking, is unlikely to occur but for the proposed public financial assistance, inclusive of the tax

increment financing (TIF). Without public financial assistance, the Project is not expected to achieve the level of debt service coverage and returns needed to secure the necessary private financing and equity.

Without the enclosed parking, the Project as proposed would not be feasible and the density (number of housing units) would need to be reduced. Northland finds that it is reasonable for the HEDRA to consider public financial assistance for the Project as necessary so that development by private enterprise will occur on the Property. The Project, inclusive of the higher level of density, is possible only with the construction of the enclosed parking, which will not occur solely through private investment within the reasonably foreseeable future.

A development agreement will be brought forward for the HEDRA's consideration at a date to be determined. The development agreement will define the actual terms for the use of tax increment from TIF District No. 9. The District, approved by the HEDRA and under consideration by the City Council, defines the parameters and empowers the use of TIF.

Process for Approval

To create the TIF District, the City must hold a public hearing prior to consideration of a resolution considering the adoption of a Tax Increment Financing Plan for the TIF District (the "TIF Plan"). The TIF Plan provides information about the Project to be funded with tax increment from the TIF district and authorizes the use of tax increment from the district to pay TIF-eligible project costs, among other items.

A tax increment financing district administered by the HEDRA (after establishment by the City) must be located within the boundaries of a specified development district or redevelopment project. The HEDRA has previously established Development District No. 1 (Hastings Downtown Redevelopment Area), and it is proposed that Area be modified to include additional parcels to allow for future redevelopment activity (see map in Exhibit V of the TIF Plan). The Modification incorporates the Redevelopment Plan into a common document with the TIF Plan.

Notice to County and School District

Before the public hearing and the establishment of a TIF district, the City/EDA must provide certain notices to the county and the school district, including providing a copy of a draft TIF plan. The county and school district may comment on the proposed TIF district but cannot prevent the creation of the TIF district. On behalf of the City and the HEDRA, Northland submitted a letter and a draft copy of the TIF Plan for the TIF District to Dakota County and Independent School District No. 200 on January 7, 2022, asking to receive written comments. To date, no written or oral comments have been received by Northland or the City.

Adoption of TIF Plan

Following the public hearing, the City Council may consider a resolution approving the establishment of the TIF District within the Project Area and the adoption of the TIF Plan relating thereto.

TIF Plan Summary

TIF plans can be confusing, as the plans tend to contain technical language that is required by the statutes that govern tax increment. The summary that follows is provided to highlight the key elements of the TIF Plan. A complete copy of the draft TIF Plan is available and included in the packet for the HEDRA and City Council meetings.

Item	Plan Section	Comments
Introduction, Proposed Project, Redevelopment Plan	1.01	Section 1.01 of the TIF Plan summarizes the proposed development, and actions taken in connection with Development District No. 1 (Hastings Downtown Redevelopment Area)
Statement of Public Purpose, Statement of Objectives	2.02 3.01	Section 2.02 describes how the Project Area and Redevelopment Plan will facilitate desired outcomes for public benefit; Section 3.01 provides details related to the objectives of the Redevelopment Plan.
Boundaries of TIF District; Type of District	4.03.02 4.03.03	TIF District No. 9 will consist of ten (10) parcels, as well as adjacent roads and right-of-way. The District will be a Redevelopment District and will meet the statutory criteria for this type of district.
Estimated Tax Increment	4.04	The projected development is estimated to create annual tax increment revenue of \$218,258 (after deducting State Fee) in the first year of the TIF District or upon completion of development. This amount is based on the following factors: Total estimated taxable market value of the Property after completion is approximately \$25.1 million, to be classified as “apartments”. The actual estimated market value of the property will be set by the Assessor after completion of construction.

Item	Plan Section	Comments
		Changes in property values and tax rates, among other factors, will alter the amount of tax increment revenue from year-to-year. The TIF Plan includes estimates for planning purposes only, and the actual amounts will vary.
Project Costs, Estimated Source and Uses of Funds, Administrative Expense	4.04.2 4.04.3 4.04.4	Tax increment revenue will be used to pay Project Costs related to redevelopment of the Property. The TIF Plan provides for use of tax increments up to \$3,926,000 to pay Project Costs, including administrative costs incurred by HEDRA. The Project Costs include \$3,851,000 for land acquisition, site improvement costs, other qualifying improvements, and \$75,000 for administrative costs. The amounts in the TIF Plan are maximum not-to-exceed amounts. The actual assistance to the Developer may be less than the not-to-exceed amounts in the TIF Plan and will be subject to final terms in the development agreement.
Bonded Indebtedness	4.04.6	Use of tax increments will be on a “pay-go” basis payable solely from available tax increments and will not be a general obligation of the City.
Duration	4.04.7	The TIF Plan elects a duration of twenty-five (25) years which is the maximum duration allowed for a housing district. The estimated month and year of first receipt of tax increment is July 2025.

DRAFT

MODIFIED REDEVELOPMENT PLAN FOR

DEVELOPMENT DISTRICT NO. 1

(HASTINGS DOWNTOWN REDEVELOPMENT AREA)

AND

TAX INCREMENT FINANCING PLAN FOR

TAX INCREMENT FINANCING (REDEVELOPMENT) DISTRICT NO. 9

(FLATS ON 3RD)

WITHIN

DEVELOPMENT DISTRICT NO. 1

(HASTINGS DOWNTOWN REDEVELOPMENT AREA)

PUBLIC HEARING DATE: FEBRUARY 22, 2022

PLAN APPROVED BY HEDRA DATE: _____

PLAN APPROVED BY CITY COUNCIL DATE: _____



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Registered with SEC and MSRB

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ARTICLE I – INTRODUCTION AND DEFINITIONS

SECTION 1.01 INTRODUCTION

This Redevelopment Plan for Development District No. 1 (Hastings Downtown Redevelopment Area) of the Hastings Economic Development and Redevelopment Authority of the City of Hastings is intended to supersede and restate the activities described in the Redevelopment Plan for Development District No. 1 (Hastings Downtown Redevelopment Area) as originally adopted on December 3, 1974 and last modified on October 5, 2015.

Tax Increment Financing District No. 3 and Tax Increment Financing District No. 7 and the Tax Increment Financing Plans related thereto, within Development District No. 1, remain in full force and effect and are not modified.

The City of Hastings and the Hastings Economic Development and Redevelopment Authority (HEDRA) propose to provide tax increment financing assistance through the establishment of Tax Increment Financing (Redevelopment) District No. 9 within the Development District No. 1 to assist with the financing of certain project costs for the construction of an approximate 87-unit rental housing facility, an apartment building, by a private developer, among other development that is anticipated to occur in the future.

The Development District serves as the “project area” for tax increment financing districts established within its boundaries. The Redevelopment Plan describes the City’s objectives for the development of the area within the Development District and the use of tax increment financing. This document contains the Modified Redevelopment Plan for achieving the objectives of Development District No. 1 through the establishment of a Tax Increment Financing Plan and use of Tax Increment Financing (Redevelopment) District No. 9.

Below is a summary of the municipal action that has been taken in connection with Development District No. 1 to date and as proposed:

Development District No. 1 (Hastings Downtown Redevelopment Area):

December 3, 1974: The Hastings Downtown Area Redevelopment Plan for the Hastings Downtown Redevelopment Area was adopted by the City Council in and for the City of Hastings. The document is dated December 3, 1974.

February 4, 1985: The Hastings Downtown Area Redevelopment Plan for the Hastings Downtown Redevelopment Area was modified by the City Council in and for the City of Hastings. The document is dated February 4, 1985.

June 15, 1987: The Hastings Downtown Area Redevelopment Plan for the Hastings Downtown Redevelopment Area was modified by the City Council in and for the City of Hastings. The document is dated June 15, 1987.

October 21, 1996: The Hastings Downtown Area Redevelopment Plan for the Hastings Downtown Redevelopment Area was modified by the City Council in and for the City of Hastings. The document is dated October 21, 1996. A formal Tax Increment Plan for the Hastings Downtown Area Redevelopment Area was also adopted.

November 20, 2000: The Hastings Downtown Area Redevelopment Plan for the Hastings Downtown Redevelopment Area was modified by the City Council in and for the City of Hastings. The document is dated November 20, 2000. A formal Tax Increment Plan for TIF District No. 3 was also adopted.

October 5, 2015: The Hastings Downtown Area Redevelopment Plan for the Hastings Downtown Redevelopment Area was modified by the City Council in and for the City of Hastings. The document is dated October 5, 2015. A formal Tax Increment Plan for TIF District No. 7 was also adopted.

January 24, 2022: The Planning Commission is proposed to find that the Modified Redevelopment Plan and the proposed Tax Increment Financing Plan for Tax Increment Financing District No. 9 confirm to the general plan for the development or redevelopment of the City as a whole.

February 10, 2022: The Modified Redevelopment Plan for the Project Area is proposed to be adopted by the HEDRA. It is proposed the HEDRA will approve the Tax Increment Financing Plan for Tax Increment Financing District No. 9, subject to City approval.

February 22, 2022: The Modified Redevelopment Plan for the Project Area is proposed to be adopted by the City. It is proposed the City will approve the Tax Increment Financing Plan for Tax Increment Financing District No. 9.

SECTION 1.02 DEFINITIONS

For the purposes of this document, the terms below have the meanings given in this section, unless the context in which they are used indicates a different meaning:

1. "Authority" means the Hastings Economic Development and Redevelopment Authority of the City.
2. "City" means the City of Hastings, Minnesota.
3. "City Council" means the City Council of the City.
4. "County" means Dakota County, Minnesota.
5. "Developer" means a private party undertaking construction within the TIF District.
6. "Enabling Act" means Minnesota Statutes, Sections 469.001 through 469.047, as amended and supplemented from time to time.
7. "HEDRA" means the Hastings Economic Development and Redevelopment Authority of the City of Hastings.
8. "Land Use Regulations" means all federal, state and local laws, rules, regulations, ordinances, and plans relating to or governing the use of development of land in the City, including but not limited to environmental, zoning and building code laws and regulations.
9. "Project Costs" means the public development cost of the development activities that will or are expected to occur within the Project Area or TIF District
10. "Redevelopment Plan" means the Redevelopment Plan for the Redevelopment Project, as the same may, from time to time, be amended or supplemented.
11. "Redevelopment Project" means Development District No. 1 (Hastings Downtown Redevelopment Area) of the Authority, as the same may, from time to time, be amended or supplemented.
12. "School District" means Independent School District No. 200 (Hastings Public Schools).
13. "State" means the State of Minnesota.
14. "Tax Increment Financing Bonds" means general obligation tax increment financing bonds; and other tax increment financing bonds, including pay-as-you-go contracts, interfund loans, and notes.

15. "Tax Increment Financing District" means any tax increment financing district to be established in the future within the Project Area.
16. "Tax Increment Financing Plan" or "Plan" means the plans adopted by the HEDRA or the City for any Tax Increment Financing District.
17. "TIF Act" means Minnesota Statutes, Sections 469.174 through 469.1794, as amended, both inclusive.
18. "TIF District" means Tax Increment Financing (Redevelopment) District No. 9 (Flats on 3rd).
19. "TIF Plan" means the tax increment financing plan for the TIF District (this document).

SECTION 1.03 PLAN PREPARATION

The document was prepared for the City and the Authority by Northland Securities, Inc.

ARTICLE II – STATEMENT OF PUBLIC PURPOSE AND AUTHORITY**SECTION 2.01 ENABLING ACT; STATUTORY AUTHORITY**

The Enabling Act authorizes the Authority, upon certain public purpose findings by the Authority and the City, to establish and designate redevelopment projects within the City and to establish, develop and the administer redevelopment plans therefor to meet the needs and accomplish the public purposes specified in Statement and Finding of Public Purpose.

In accordance with the purposes set forth in the Enabling Act, the Authority and the City have established the Redevelopment Project comprised of the parcels listed in Exhibit VI and have adopted the Modified Redevelopment Plan therefor.

The Enabling Act and the approval of the Redevelopment Plan by the City authorizes the Authority to undertake redevelopment activities within the Project Area and, at a date subsequent to the adoption of the Modified Redevelopment Plan and with the City Council approval, to establish and designate Tax Increment Financing Districts within the Project Area and to adopt and implement Tax Increment Financing Plans to accomplish the objective of the Redevelopment Plan.

SECTION 2.02 STATEMENT AND FINDING OF PUBLIC PURPOSE

The Authority has determined that there is a need to take certain actions designed to encourage, ensure and facilitate development and redevelopment of under-utilized and unused land located within the corporate limits of the City. These actions will provide additional employment opportunities for residents of the City and the surrounding area, and improve the tax base, thereby enabling better utilization of existing public facilities and provide needed public services, and improve the general economy of the City, the County, and the State.

The Authority has determined that the property within the Project Area is either under-utilized or unused due to a variety of factors, including inadequate public parking to serve the property, small parcels, non-conforming uses, vacant or under-utilized property, possible environmental conditions, obsolete building design and site layout, poor access and parking, and lack of streetscaping and visual appeal that is needed to make this a viable business district. These factors have resulted in a lack of private investment. As a result, the property within the Project Area is not providing adequate employment opportunities, and is not contributing, to its full potential. Therefore, it is necessary for the Authority to exercise its authority under the Enabling Act to develop and implement a program designed to encourage, ensure and facilitate the commercial and mixed use development and redevelopment of the property located in the Project Area, to further and accomplish the desired public purposes for the Project Area as specified within the Redevelopment Plan for the Project Area.

The land in the Project Area would not be developed or redeveloped solely through private investment in the foreseeable future.

The welfare of the City, County, and the State of Minnesota requires active promotion, attraction, encouragement and development of economically sound commerce by the HEDRA.

SECTION 2.03 BOUNDARIES OF PROJECT AREA

The area within the Project Area is described in Exhibit V. The parcels included in the Project Area are listed in Exhibit VI. The Project Area of the Development District is generally described as follows:

- Development District No. 1 (Hastings Downtown Redevelopment Area) is the area generally described as those properties which are located south of the Mississippi River,

east of Spring Street, north of 5th Street, and west of Baily Street and also including those properties which are generally east of Baily Street, north of 2nd Street E, west of Lea St, and south of the Mississippi River.

The Project Area is inclusive of all immediate adjacent roadways, rights-of-way and other areas wherein will be installed or upgraded the various public improvements necessary for and part of the overall project.

The Authority and the City finds that the Project Area, together with the objectives which the Authority and the City seek to accomplish or encourage with respect to such property, constitutes a "redevelopment project" and a "redevelopment plan" within the meaning of Section 469.002, Subd. 14 and 16 of the Enabling Act.

ARTICLE III - REDEVELOPMENT PLAN**SECTION 3.01 STATEMENT OF OBJECTIVES**

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

The Authority intends, to the extent permitted by law, to accomplish the following objectives through the implementation of the Redevelopment Plan:

1. Promote and secure the development and redevelopment of property in the Project Area in a manner consistent with the City's planning, and with a minimal adverse impact on the environment, which property is less productive because of the lack of proper utilization and lack of investment, and thereby promoting and securing the development of other land in the City;
2. Promote and secure additional employment opportunities within the Project Area and the City for residents of the City and the surrounding area, thereby improving living standards and preventing unemployment and the loss of skilled and unskilled labor and other human resources in the City;
3. Secure the increase in value of property subject to taxation by the City, School District, County, and any other taxing jurisdictions in order to better enable such entities to pay for public improvements and governmental services and programs required to be provided by them;
4. Secure the construction and providing moneys for the payment of the cost of public improvements in the Project Area, which are necessary for the completion of the Redevelopment Project and the orderly and beneficial development of the Project Area.
5. Promote a compatible mix of commercial, institutional, and residential land uses.
6. Encourage the expansion and improvement of local business, and enhancing the economic vitality of existing and new businesses.
7. Eliminate blighting influences that impede development in the area.
8. Provide for adequate streets, utilities, and other public improvements and facilities to enhance the area for both new and existing development.
9. Create a desirable and unique character within the Project Area through quality land use alternatives and design quality in new buildings that create a safe environment for pedestrians, that can be maintained for the long run.
10. Support the physical connection to local trails, open space, and other community institutions.
11. Enhance the integrity of residential neighborhoods adjacent to the Project Area.
12. Provide and secure the development of increased opportunities for families to reside in quality owner-occupied housing, for citizens to choose from housing options which offer a wide array of services without regard to income, and for residents looking for a wide range of multi-family units.
13. Enhance the long term viability of the Project Area by facilitating:
 - Land uses that complement and support existing businesses;

- New businesses that enhance the commercial market;
- Visual quality of the streetscape, landscape, site plan and building types of new developments;
- Mixed use housing development where appropriate; and
- Safe access and convenient parking.

SECTION 3.02 DEVELOPMENT ACTIVITIES

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

- (a) The making of studies, planning, and other formal and informal activities relating to the Redevelopment Plan.
- (b) The implementation and administration of the Redevelopment Plan.
- (c) The rezoning of land within the Project Area.
- (d) The acquisition of property, or interests in property, by purchase or condemnation, which acquisition is consistent with the objectives of the Redevelopment Plan,
- (e) 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.
- (f) The resale of property to private parties.
- (g) The construction or reconstruction of improvements as described in the Tax Increment Financing Plans for the Tax Increment Financing Districts within the Project Area.
- (h) The issuance of Tax Increment Financing Bonds to finance the Project Costs of the Redevelopment Plan, and the use of tax increments or other funds available to the City and the Authority to pay or finance the Project Costs of the Redevelopment Plan incurred or to be incurred by it.
- (i) The use of tax increments to pay debt service on the Tax Increment Financing Bonds or otherwise pay or reimburse with interest the Project Costs of the Redevelopment Plan.

SECTION 3.03 PAYMENT OF PROJECT COSTS

It is anticipated that the Project Costs of the Redevelopment Plan will be paid primarily from proceeds of Tax Increment Financing Bonds or from tax increments from the Tax Increment Financing Districts within the Project Area. The Authority reserves the right to utilize other available sources of revenue, including but not limited to lease payments, special assessments and user charges, which the Authority may apply to pay a portion of the Project Costs.

SECTION 3.04 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.

SECTION 3.05 PARK AND OPEN SPACE TO BE CREATED

Park and open space within the Project Area, if created, will be created in accordance with the zoning and platting ordinances of the City.

SECTION 3.06 PROPOSED REUSE OF PROPERTY

The Redevelopment Plan contemplates that the Authority may acquire property and reconvey the same to another entity. Prior to formal consideration of the acquisition of any property, the Authority 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 Authority 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 Authority is a party.

SECTION 3.07 ADMINISTRATION AND MAINTENANCE OF PROJECT AREA

Maintenance and operation of the Project Area will be the responsibility of the Director of the Authority, who shall serve as administrator of the Project Area. Each year the administrator of the Project Area will submit to the Authority the maintenance and operation budget for the following year.

The administrator will administer the Project Area pursuant to the Enabling Act; provided, however, that such powers may only be exercised at the direction of the Authority. No action taken by the administrator pursuant to the above-mentioned powers shall be effective without authorization by the Authority.

SECTION 3.08 AMENDMENTS

The Authority reserves the right to alter and amend the Redevelopment Plan, subject to the provisions of state law regulating such action. The Authority specifically reserves the right to enlarge or reduce the size of the Project Area.

SECTION 3.09 FINDINGS AND DECLARATION

The Authority makes the following findings:

- (a) The land in the Project Area would not be made available for redevelopment without the financial aid sought.
- (b) The Redevelopment Plan for the Project Area in the City will afford maximum opportunity consistent with the needs of the locality as a whole, for the redevelopment of the area by private enterprise.
- (c) The Redevelopment Plan conforms to the general plan for development of the City as a whole.

ARTICLE IV - TAX INCREMENT FINANCING PLAN**SECTION 4.01 STATUTORY AUTHORITY**

The TIF District and the TIF Plan are established under the authority of the TIF Act.

SECTION 4.02 PLANNED DEVELOPMENT*4.02.1 Project Description*

The Authority anticipates development of multiple projects within the TIF District. The first project to be built is proposed by a Developer to include an approximate 89-unit market-rate rental housing facility, an apartment building, consisting of studio, one and two-bedroom units located at 404 3rd Street East. The project intends to offer fitness rooms, enclosed climate-controlled parking, a dog park and a sky lounge.

The Authority anticipates redevelopment to occur on other parcels within the TIF District that will not be included as part of the first project. Future redevelopment of other property within the TIF District may include a mix of housing units and commercial development. The Authority may consider a modification to the TIF Plan at a future date to incorporate any changes that may be needed related to future development within the TIF District.

For the purpose of Estimated Tax Increment in Section 4.04.1, the TIF Plan includes estimated market value for the first project only.

4.02.2 City Plans and Development Program

In addition to achieving the objectives of the Redevelopment Plan, the development is consistent with and works to achieve the development objectives of the Authority and the City. The TIF Plan for the TIF District conforms to the general plan for development or redevelopment of the City as a whole.

The proposed development plan for the project in the TIF District has been reviewed by the Planning Commission and the City Council.

4.02.3 Land Acquisition

The Authority or the City do not plan to acquire property within the TIF District.

4.02.4 Development Activities

As of the date of approval of the TIF Plan, there are no development activities proposed in this TIF Plan that are subject to contracts.

4.02.5 Need for Tax Increment Financing

In the opinion of the City, the Development would not reasonably be expected to occur solely through private investment within the foreseeable future and 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 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 reasons and facts supporting this finding include the following:

- The Development requires public financial assistance to offset land and building acquisition and site improvement and preparation costs to allow for the Developer to proceed with construction of the Development.
- A comparative analysis of estimated market values both with and without establishment of the TIF District and the use of tax increments has been performed as described above and

is shown in Exhibit I. This analysis indicates that the increase in estimated market value of the Development (less the present value of the projected tax increments for the maximum duration permitted by the TIF Plan) exceeds the estimated market value of the site prior to the establishment of the TIF District.

SECTION 4.03 TAX INCREMENT FINANCING DISTRICT

4.03.1 Designation

This TIF District is designated Tax Increment Financing (Redevelopment) District No. 9 (Flats on 3rd).

4.03.2 Boundaries of TIF District

The boundaries of the TIF District are depicted in Exhibit V. The TIF District is generally bordered north to south between East 1st Street and East 4th Street and east to west between the train tracks and Tyler Street.

The legal description of the property within the TIF District is as follows:

- Outlot A and B, RIVERFRONT ADDITION, Dakota County, Minnesota; except that portion of said Outlot B platted as RIVERFRONT 2ND ADDITION; AND Lot 1, Block 1, RIVERFRONT 2ND ADDITION, Dakota County, Minnesota; AND Lots 1 through 8, Block 16, TOWN OF HASTINGS, Dakota County, Minnesota; AND Lots 1,2,3,7, and 8, Block 17, TOWN OF HASTINGS, Dakota County, Minnesota; AND The 20.00 foot wide alley dedicated in Block 17, TOWN OF HASTINGS, Dakota County, Minnesota, lying east of the northerly extension of the west line of Lot 7, said Block 17 and west of a line drawn from the southeast corner of Lot 1 to the northeast corner of Lot 8, said Block 17.

The boundaries of the TIF District include the following ten (10) parcels listed below, in addition to three (3) right of way parcels, along with the adjacent roads and right of way.

1. 19-63950-00-010
2. 19-63950-00-021
3. 19-63951-01-010
4. 19-32150-16-011
5. 19-32150-16-010
6. 19-32150-16-012
7. 19-32150-17-030
8. 19-32150-17-021
9. 19-32150-17-020
10. 19-32150-17-080

4.03.3 Type of District

The TIF District is established as a “redevelopment” district pursuant to Section 469.174, Subd. 10 of the TIF Act. The property within the TIF District meets the statutory criteria for establishing a redevelopment tax increment financing district.

LHB, Inc. was hired by the City to inspect and evaluate the properties within the TIF District. As summarized in the table below, the TIF District has a coverage calculation of 100%, which is above the 70% requirement as defined in Section 469.174, Subd. 10 of the TIF Act. More than 50% of the buildings, not including outbuildings, are structurally substandard, pursuant to the definition of structurally substandard in Section 469.174, Subd. 10(b) of the TIF Act. The substandard buildings are reasonably distributed.

Exhibit VII includes the “The Report of Inspection Procedures and Results for Determining Qualification of a Tax Increment Financing District as a Redevelopment District” prepared by LHB, Inc. The findings in the Report are summarized as follows:

Number of Parcels.....	10
Site Area Included (square feet).....	289,664
Area of Improved Parcels (square feet)	289,664
Percent of Area Improved.....	100%
Number of Parcels with Buildings	3
Number of Buildings found Substandard.....	2
Percent of Buildings found Substandard.....	66.7%

SECTION 4.04 PLAN FOR USE OF TAX INCREMENT

4.04.1 Estimated Tax Increment

The original net tax capacity of value of the TIF District will be set by the County upon request for certification. For the purposes of this Plan, the estimated original net tax capacity is \$97,210. This amount is estimated based on the most recent published estimated market value of \$7,776,800 for property within the TIF District.

The estimated net tax capacity of the property after completion of the project (for taxes payable in 2025, or year one of the TIF District) is \$313,960. This amount is based on a total estimated market value of \$25,116,781 for the project as described in section 4.02.1. The difference between the net tax capacity and the original net tax capacity is \$216,750 (for taxes payable in 2025), which is the captured tax capacity for the creation of tax increment.

The total local tax rate for taxes payable in 2021 is 101.06%. The TIF Plan assumes that this rate will be set as the original local tax rate for the TIF District. At the time of the certification of the original net tax capacity for the TIF District, the county auditor will certify the original local tax rate that applies to the TIF District. The original local tax rate is the sum of all the local tax rates, excluding that portion of the school rate attributable to the general education levy under Minnesota Statutes section 126C.13, that apply to a property in the TIF District. The local tax rate to be certified is the rate in effect for the same taxes payable year applicable to the tax capacity values certified as the TIF District’s original tax capacity. The resulting tax capacity rate is the original local tax rate for the life of the TIF District.

Under these assumptions, the estimated annual tax increment is \$218,258 after development completion (for taxes payable 2025). The actual tax increment will vary according to the certified original net tax capacity and original tax rate, the actual property value produced by the proposed development and the changes in property value and state tax policy over the life of the TIF District.

The City and the Authority elect to retain 100% of the captured tax capacity value for the duration of the TIF district. Exhibit II contains the projected tax increment over the life of the TIF District, including present value of the future tax increments.

4.04.2 Project Costs

The Authority will use tax increment to pay Project Costs. The Authority anticipates the use of tax increment to pay administrative expenses for the TIF District and to reimburse the Developer on a pay-go basis for certain Project Costs. A contract between the Authority and the Developer will define the means for verifying Developer costs eligible for reimbursement and the means of disbursing tax increments collected by the Authority to the Developer, including terms for payment.

The Authority may also use tax increments to pay financing costs. The interest rate payable on bonds, the definition of bonds includes tax increment financing revenue notes, to be issued will be set pursuant to a contract with the Developer. The Authority reserves the right to use any other legally available revenues to finance or pay for Project Costs associated with the development in the TIF District.

4.04.3 *Estimated Sources and Uses of Funds*

The estimated sources of revenue, along with the estimated Project Costs of the TIF District, are itemized in Figure 4.1.

The City and the Authority reserve the right to administratively adjust the amount of any of the Project Cost items listed in Figure 4.1, so long as the total Project Costs amount, not including financing costs, is not increased.

**FIGURE 4.1
ESTIMATED SOURCES AND USES OF FUNDS**

	Total
Estimated Tax Increment Revenues (from tax increment generated by the district)	
Tax increment revenues distributed from the county	\$6,790,000
Interest and investment earnings	\$25,000
Sales/lease proceeds	\$0
Market value homestead credit	\$0
Total Estimated Tax Increment Revenues	\$6,815,000
Estimated Project/Financing Costs (to be paid or financed with tax increment)	
Project costs	
Land/building acquisition	\$600,000
Site improvements/preparation costs	\$2,647,000
Utilities	\$0
Other qualifying improvements	\$604,000
Construction of affordable housing	\$0
Administrative costs	\$75,000
Estimated Tax Increment Project Costs	\$3,926,000
Estimated financing costs	
Interest expense	\$2,889,000
Total Estimated Project/Financing Costs to be Paid from Tax Increment	\$6,815,000
Estimated Financing	
Total amount of bonds to be issued	\$3,926,000

4.04.4 *Administrative Expense*

The Authority reserves the right to retain up to ten percent (10%) of annual tax increment revenues distributed from the County, net of any required fees paid to the State and County. The Authority may use these monies to pay for and reimburse the Authority for costs of administering the TIF district as allowed by the TIF Act.

The maximum amount of tax increment revenue planned to pay administrative expense is shown in Figure 4.1. Anticipated administrative expenses of the TIF District include annual audit of the fund for TIF District, preparation of annual reporting, legal publication of annual report, and administration of the development agreement.

4.04.5 *County Road Costs*

The proposed development will not substantially increase the use of county roads and necessitate the need to use tax increments to pay for county road improvements.

4.04.6 *Bonded Indebtedness*

The total amount of bonds estimated to be issued is shown in Figure 4.1. The City will not issue any general obligation bonded indebtedness as a result of the TIF Plan.

The Authority intends to use tax increment financing to reimburse the Developer on a pay-as-you-go basis for certain Project Costs pursuant to a contract with the Developer.

The City or the Authority may advance or loan money to finance expenditures under Section 469.176, Subd. 4 of the TIF Act, from the general funds of the City or the Authority or any other fund under which there is legal authority to do so, subject to the following provisions:

- (a) Not later than 60 days after money is transferred, advanced, or spent, whichever is earliest, the loan or advance must be authorized by resolution of the City or of the Authority, whichever has jurisdiction over the fund from which the advance or loan is authorized.
- (b) The resolution may generally grant to the City or the Authority the power to make interfund loans under one or more tax increment financing plans or for one or more districts. The resolution may be adopted before or after the adoption of the tax increment financing plan or the creation of the tax increment financing district from which the advance or loan is to be repaid.
- (c) The terms and conditions for repayment of the loan must be provided in writing. The written terms and conditions may be in any form, but must include, at a minimum, the principal amount, the interest rate, and maximum term. Written terms may be modified or amended in writing by the City or the Authority before the latest decertification of any tax increment financing district from which the interfund loan is to be repaid. The maximum rate of interest permitted to be charged is limited to the greater of the rates specified under Minnesota Statutes, Section 270C.40 or 549.09 as of the date the loan or advance is authorized, unless the written agreement states that the maximum interest rate will fluctuate as the interest rates specified under Minnesota Statutes, Section 270C.40 or 549.09 are from time to time adjusted. Loans or advances may be structured as draw-down or line-of-credit obligations of the lending fund.
- (d) The Authority shall report in the annual report submitted under Section 469.175, Subd. 6 of the TIF Act:
 - (1) the amount of any interfund loan or advance made in a calendar year; and
 - (2) any amendment of an interfund loan or advance made in a calendar year.

4.04.7 *Duration of TIF District*

The duration to collect and spend tax increments on eligible purposes is set at the duration of 25 years after the date of receipt of the first tax increment for a total of 26 years of tax increment collection. The Authority and City elect the first year of tax increment collection to be year 2025. Based on the elected first year of tax increment, the estimated decertification date is 12/31/2050.

4.04.8 *Estimated Impact on Other Taxing Jurisdictions*

Exhibits III and IV show the estimated impact on other taxing jurisdictions if the maximum

projected retained captured net tax capacity of the TIF District was hypothetically available to the other taxing jurisdictions.

The City and the Authority believe that there will be no adverse impact on other taxing jurisdictions during the life of the TIF District, since the proposed development would not have occurred without the establishment of the TIF District and the provision of public assistance. A positive impact on other taxing jurisdictions will occur when the TIF District is decertified and the development therein becomes part of the general tax base.

The City and the Authority anticipate minimal impact of the proposed development on city-provided services. There will be no borrowing costs to the City or the Authority for the Project. A manageable increase in water and sewer usage is expected. It is anticipated that there may be a slight but manageable increase in police and fire protection duties due to the development.

4.04.9 Prior Planned Improvements

There have been no building permits issued in the last 18 months in conjunction with any of the properties within the TIF District. The Authority will include this statement with the request for certification to the County Auditor.

ARTICLE V – ADMINISTERING THE TIF DISTRICT

SECTION 5.01 FILING AND CERTIFICATION

The filing and certification of the TIF Plan consists of the following steps:

1. Upon adoption of the TIF Plan by the City and the Authority, the Authority, or its designee, shall submit a copy of the TIF Plan to the Minnesota Department of Revenue and the Office of the State Auditor.
2. The Authority, or its designee, shall request that the County Auditor certify the original net tax capacity and net tax capacity rate of the TIF District. To assist the County Auditor in this process, the Authority, or its designee, shall submit copies of the TIF Plan, the resolutions of the City and the Authority establishing the TIF District and adopting the TIF Plan, and a listing of any prior planned improvements.

SECTION 5.02 MODIFICATIONS OF THE TAX INCREMENT FINANCING PLAN

The City and the Authority reserve the right to modify the TIF District and the TIF Plan. Under the TIF Act, the following actions can only be approved after satisfying all the necessary requirements for approval of the original TIF Plan (including notifications and public hearing):

- Reduction or enlargement in the geographic area of the Development District or the TIF District.
- Increase in the amount of bonded indebtedness to be incurred.
- Increase in the amount of capitalized interest.
- Increase in that portion of the captured net tax capacity to be retained by the Authority.
- Increase in the total estimated Project Costs, not including cost of financing.
- Designation of additional property to be acquired by the City or the Authority.

Other modifications can be made by resolution of the Authority. In addition, the original approval process does not apply if (1) the only modification is elimination of parcels from the TIF District and (2) the current net tax capacity of the parcels eliminated equals or exceeds the net tax capacity of those parcels in the TIF District's original net tax capacity, or the City and the Authority agree that the TIF District's original net tax capacity will be reduced by no more than the current net tax capacity of the parcels eliminated.

Upon approval by the City, the Authority must notify the County Auditor of any modification that reduces or enlarges the geographic area of the TIF District. The geographic area of the TIF District may be reduced but not enlarged after five years following the date of certification of the TIF District.

SECTION 5.03 4-YEAR KNOCKDOWN RULE

The 4-Year Knockdown Rule requires that if after four years from certification of the TIF District no demolition, rehabilitation, renovation or site improvement, including a qualified improvement of an adjacent street, has commenced on a parcel located within the TIF District, then that parcel shall be excluded from the TIF District and the original net tax capacity shall be adjusted accordingly. Qualified improvements of a street are limited to construction or opening

of a new street, relocation of a street, or substantial reconstruction or rebuilding of an existing street. The Authority must submit to the County Auditor, by February 1 of the fifth year, evidence that the required activity has taken place for each parcel in the TIF District.

If a parcel is excluded from the TIF District and the City, Authority, or owner of the parcel subsequently commences any of the above activities, the Authority shall certify to the County Auditor that such activity has commenced and the parcel shall once again be included in the TIF District. The County Auditor shall certify the net tax capacity of the parcel, as most recently certified by the Commissioner of Revenue, and add such amount to the original net tax capacity of the TIF District.

SECTION 5.04 POOLING/5-YEAR RULE

It is not anticipated that tax increments will be spent outside the TIF District (except allowable administrative expenses), but such expenditures are expressly authorized in the TIF Plan.

SECTION 5.05 FINANCIAL REPORTING AND DISCLOSURE REQUIREMENTS

The Authority will comply with the annual reporting requirements of State Law pursuant to the guidelines of the Office of the State Auditor. Under current law, the Authority must prepare and submit a report on the TIF district on or before August 1 of each year. The Authority must also annually publish in a newspaper of general circulation in the City an annual statement for each tax increment financing district.

The reporting and disclosure requirements outlined in this section begin with the year the district was certified, and shall end in the year in which both the district has been decertified and all tax increments have been spent or returned to the county for redistribution. Failure to meet these requirements, as determined by the State Auditors Office, may result in suspension of distribution of tax increment.

SECTION 5.06 BUSINESS SUBSIDY COMPLIANCE

The Authority will comply with the business subsidy requirements specified in Minnesota Statutes, Sections 116J.993 to 116J.995, as amended.

Exhibit I

**Hastings Economic Development and Redevelopment Authority
Tax Increment Financing District No. TIF 9 (Flats on 3rd)
Present Value Analysis As Required By Section
469.175(3)(2) of the TIF Act**

1	Estimated Future Market Value w/ Tax Increment Financing	31,891,647 ¹
2	Payable 2021 Market Value	<u>7,776,800</u>
3	Market Value Increase (1-2)	24,114,847
4	Present Value of Future Tax Increments	<u>3,900,521</u>
5	Market Value Increase Less PV of Tax Increments	20,214,326
6	Estimated Future Market Value w/o Tax Increment Financing	9,973,217 ¹
7	Payable 2021 Market Value	<u>7,776,800</u>
8	Market Value Increase (6-7)	<u>2,196,417</u>
9	Increase in MV From TIF	<u><u>18,017,909</u></u> ²

¹ Assume 1.00% annual appreciation over 26 year life of district.

² Statutory compliance achieved if increase in market value from TIF (Line 9) is greater than or equal to zero.

Exhibit II
City of Hastings
Tax Increment Financing District No. TIF 9 (Flats on 3rd) (Redevelopment)
Projected Tax Increment Financing (TIF) Cash Flow

TIF District Year	Taxes Payable Year	Taxable Market Value (TMV)	Tax Capacity	Original Base Tax Capacity	Captured Tax Capacity for TIF	Original Tax Rate ²	Captured TIF	Less State Fee	Available TIF from District	PV Available TIF
1	2025	25,116,781	313,960	97,210	216,750	101.06%	219,047	(789)	218,258	202,960
2	2026	25,367,949	317,099	97,210	219,889	101.06%	222,220	(800)	221,420	400,865
3	2027	25,621,628	320,270	97,210	223,060	101.06%	225,425	(812)	224,613	593,828
4	2028	25,877,845	323,473	97,210	226,263	101.06%	228,661	(823)	227,838	781,961
5	2029	26,136,623	326,708	97,210	229,498	101.06%	231,930	(835)	231,095	965,373
6	2030	26,397,989	329,975	97,210	232,765	101.06%	235,232	(847)	234,385	1,144,173
7	2031	26,661,969	333,275	97,210	236,065	101.06%	238,567	(859)	237,708	1,318,467
8	2032	26,928,589	336,607	97,210	239,397	101.06%	241,935	(871)	241,064	1,488,358
9	2033	27,197,875	339,973	97,210	242,763	101.06%	245,337	(883)	244,454	1,653,948
10	2034	27,469,853	343,373	97,210	246,163	101.06%	248,772	(896)	247,876	1,815,336
11	2035	27,744,552	346,807	97,210	249,597	101.06%	252,243	(908)	251,335	1,972,621
12	2036	28,021,998	350,275	97,210	253,065	101.06%	255,747	(921)	254,826	2,125,899
13	2037	28,302,218	353,778	97,210	256,568	101.06%	259,287	(933)	258,354	2,275,265
14	2038	28,585,240	357,315	97,210	260,105	101.06%	262,863	(946)	261,917	2,420,810
15	2039	28,871,092	360,889	97,210	263,679	101.06%	266,474	(959)	265,515	2,562,625
16	2040	29,159,803	364,498	97,210	267,288	101.06%	270,121	(972)	269,149	2,700,799
17	2041	29,451,401	368,143	97,210	270,933	101.06%	273,804	(986)	272,818	2,835,419
18	2042	29,745,915	371,824	97,210	274,614	101.06%	277,525	(999)	276,526	2,966,569
19	2043	30,043,374	375,542	97,210	278,332	101.06%	281,282	(1,013)	280,269	3,094,333
20	2044	30,343,808	379,298	97,210	282,088	101.06%	285,078	(1,026)	284,052	3,218,794
21	2045	30,647,246	383,091	97,210	285,881	101.06%	288,911	(1,040)	287,871	3,340,029
22	2046	30,953,718	386,921	97,210	289,711	101.06%	292,782	(1,054)	291,728	3,458,118
23	2047	31,263,256	390,791	97,210	293,581	101.06%	296,693	(1,068)	295,625	3,573,138
24	2048	31,575,888	394,699	97,210	297,489	101.06%	300,642	(1,082)	299,560	3,685,163
25	2049	31,891,647	398,646	97,210	301,436	101.06%	304,631	(1,097)	303,534	3,794,267
26	2050	32,210,564	402,632	97,210	305,422	101.06%	308,660	(1,111)	307,549	3,900,521
TOTAL =							6,813,869	(24,530)	6,789,339	3,900,521

Key Assumptions for Cash Flow:

- 1 Taxable market value (TMV) annual growth assumption = 1.0%
- 2 Original Tax Capacity Rate estimated based on Taxes Payable Year 2021.
- 3 Election for captured tax capacity is 100.00%
- 4 Base Tax Capacity is calculated based on a TMV = \$7,776,800.
- 5 Present Value (PV) calculated based on semi-annual payments and rate of 5.0%, estimated dated date 12/31/2023.

Exhibit III
Hastings Economic Development and Redevelopment Authority
Tax Increment Financing District No. TIF 9 (Flats on 3rd)
Impact on Other Taxing Jurisdictions
(Taxes Payable 2021)

Annual Tax Increment

Estimated Annual Captured Tax Capacity (Full Development)	\$305,422
Payable 2021 Local Tax Rate	101.060%
Estimated Annual Tax Increment	<u>\$308,660</u>

Percent of Tax Base

	Net Tax Capacity (NTC)	Captured Tax Capacity	Percent of Total NTC
City of Hastings	22,039,817	305,422	1.39%
Dakota County	565,917,055	305,422	0.05%
ISD # 200	35,652,254	305,422	0.86%

Dollar Impact of Affected Taxing Jurisdictions

	Net Tax Capacity (NTC)	% of Total	Tax Increment Share	Added Local Tax Rate
City of Hastings	57.351%	56.749%	175,163	0.795%
Dakota County	22.716%	22.478%	69,380	0.012%
ISD # 200	16.757%	16.581%	51,180	0.144%
Other	4.236%	4.192%	12,938	
Totals	<u>101.060%</u>	<u>100.000%</u>	<u>308,661</u>	

NOTE NO. 1: Assuming that ALL of the captured tax capacity would be available to all taxing jurisdictions even if the City does not create the Tax Increment District, the creation of the District will reduce tax capacities and increase the local tax rate as illustrated in the above tables.

NOTE NO. 2: Assuming that NONE of the captured tax capacity would be available to the taxing jurisdiction if the City did not create the Tax Increment District, then the plan has virtually no initial effect on the tax capacities of the taxing jurisdictions. However, once the District is established, allowable costs paid from the increments, and the District is terminated, all taxing jurisdictions will experience an increase in their tax base.

Exhibit IV
City of Hastings
Tax Increment Financing (Redevelopment) District No. TIF 9 (Flats on 3rd)
Estimated Tax Increments Over Maximum Life of District

Based on Pay 2021 Tax Rate = 101.060% 57.351% 22.716% 16.757% 4.236%

TIF District Year	Taxes Payable Year	New Taxable Market Value	New Tax Capacity	Base Tax Capacity	Captured Tax Capacity	Estimated Total Tax Increments	City TIF Related Share	County TIF Related Share	School TIF Related Share	Other TIF Related Share
1	2025	25,116,781	313,960	97,210	216,750	219,047	124,308	49,237	36,321	9,181
2	2026	25,367,949	317,099	97,210	219,889	222,220	126,109	49,950	36,847	9,314
3	2027	25,621,628	320,270	97,210	223,060	225,425	127,927	50,670	37,378	9,450
4	2028	25,877,845	323,473	97,210	226,263	228,661	129,764	51,398	37,915	9,584
5	2029	26,136,623	326,708	97,210	229,498	231,930	131,619	52,133	38,457	9,721
6	2030	26,397,989	329,975	97,210	232,765	235,232	133,493	52,875	39,004	9,860
7	2031	26,661,969	333,275	97,210	236,065	238,567	135,385	53,624	39,557	10,001
8	2032	26,928,589	336,607	97,210	239,397	241,935	137,297	54,382	40,116	10,140
9	2033	27,197,875	339,973	97,210	242,763	245,337	139,227	55,146	40,680	10,284
10	2034	27,469,853	343,373	97,210	246,163	248,772	141,177	55,918	41,250	10,427
11	2035	27,744,552	346,807	97,210	249,597	252,243	143,146	56,698	41,825	10,574
12	2036	28,021,998	350,275	97,210	253,065	255,747	145,135	57,486	42,406	10,720
13	2037	28,302,218	353,778	97,210	256,568	259,287	147,144	58,282	42,993	10,868
14	2038	28,585,240	357,315	97,210	260,105	262,863	149,173	59,086	43,586	11,018
15	2039	28,871,092	360,889	97,210	263,679	266,474	151,222	59,897	44,185	11,170
16	2040	29,159,803	364,498	97,210	267,288	270,121	153,292	60,717	44,789	11,323
17	2041	29,451,401	368,143	97,210	270,933	273,804	155,383	61,545	45,400	11,476
18	2042	29,745,915	371,824	97,210	274,614	277,525	157,494	62,381	46,017	11,633
19	2043	30,043,374	375,542	97,210	278,332	281,282	159,626	63,226	46,640	11,790
20	2044	30,343,808	379,298	97,210	282,088	285,078	161,780	64,079	47,269	11,950
21	2045	30,647,246	383,091	97,210	285,881	288,911	163,955	64,941	47,905	12,110
22	2046	30,953,718	386,921	97,210	289,711	292,782	166,152	65,811	48,547	12,272
23	2047	31,263,256	390,791	97,210	293,581	296,693	168,371	66,690	49,195	12,437
24	2048	31,575,888	394,699	97,210	297,489	300,642	170,613	67,578	49,850	12,601
25	2049	31,891,647	398,646	97,210	301,436	304,631	172,876	68,474	50,512	12,769
26	2050	32,210,564	402,632	97,210	305,422	308,660	175,163	69,380	51,180	12,937
Total						6,813,869	3,866,831	1,531,604	1,129,824	285,610

Note: The Estimated Total Tax Increment shown above is before deducting the State Auditor's fee, which is payable at a rate of 0.36% of the Total Tax Increment collected. Exhibit II provides Estimated Total Tax Increment after deducting for the State Auditor's fee.

EXHIBIT V
Boundaries of Tax Increment Financing District No. 9
within Development District No. 1



EXHIBIT VI
Parcels within Project Area

19-63950-00-010
19-63950-00-021
19-63951-01-010
19-32150-16-011
19-32150-16-010
19-32150-16-012
19-32150-17-030
19-32150-17-021
19-32150-17-020
19-32150-17-080

EXHIBIT VII
Report for Redevelopment Findings

**REPORT OF INSPECTION PROCEDURES AND RESULTS FOR
DETERMINING QUALIFICATIONS OF A
TAX INCREMENT FINANCING DISTRICT AS A REDEVELOPMENT DISTRICT**

**TIF DISTRICT 9 – FLATS ON THIRD
HASTINGS, MINNESOTA**



December 27, 2021

Prepared for the
CITY OF HASTINGS

Prepared by:

LHB, Inc.
701 Washington Avenue North, Suite 200
Minneapolis, Minnesota 55401

LHB Project No. 210774



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Report by LHB, Inc.

Part 1: Executive Summary

Purpose of the Evaluation

LHB was hired by the City of Hastings to inspect and evaluate the properties within a Tax Increment Financing Redevelopment District (“TIF District”) proposed to be established by the City. The proposed TIF District is generally bordered north to south between East 1st Street and East 4th Street and east to west between the train tracks and Tyler Street. (Diagram 1). The purpose of LHB’s work is to determine whether the proposed TIF District meets the statutory requirements for coverage, and whether three (3) buildings on ten (10) parcels plus three (3) right of way parcels, located within the proposed TIF District, meet the qualifications required for a Redevelopment District.



Diagram 1: Proposed TIF District

Scope of Work

The proposed TIF District consists of ten (10) parcels plus three (3) right of way parcels with three (3) buildings, and one (1) metal cold storage structure. The three buildings and metal cold storage structure were inspected on November 15, 2021. The building on map Parcel C was found not to be substandard. Building Code and Condition Deficiency reports for the buildings that were inspected and found substandard are located in Appendix B.

Report by LHB, Inc.

Conclusion

After inspecting and evaluating the properties within the proposed TIF District and applying current statutory criteria for a Redevelopment District under *Minnesota Statutes, Section 469.174, Subdivision 10*, it is our professional opinion that the proposed TIF District qualifies as a Redevelopment District because:

- The proposed TIF District has a coverage calculation of 100 percent which is above the 70 percent requirement.
- 66.7 percent of the buildings are structurally substandard which is above the 50 percent requirement.
- The substandard buildings are reasonably distributed.

The remainder of this report describes our process and findings in detail.

Part 2: Minnesota Statute 469.174, Subdivision 10 Requirements

The properties were inspected in accordance with the following requirements under *Minnesota Statutes, Section 469.174, Subdivision 10(c)*, which states:

Interior Inspection

“The municipality may not make such determination [that the building is structurally substandard] without an interior inspection of the property...”

Exterior Inspection and Other Means

“An interior inspection of the property is not required, if the municipality finds that

(1) the municipality or authority is unable to gain access to the property after using its best efforts to obtain permission from the party that owns or controls the property; and

(2) the evidence otherwise supports a reasonable conclusion that the building is structurally substandard.”

Documentation

“Written documentation of the findings and reasons why an interior inspection was not conducted must be made and retained under section 469.175, subdivision 3(1).”

Qualification Requirements

Minnesota Statutes, Section 469.174, Subdivision 10 (a) (1) requires three tests for occupied parcels:

1. COVERAGE TEST

- a. *Minnesota Statutes, Section 469.174, Subdivision 10(a)(1)* states:

“parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, or paved or gravel parking lots...”

- b. The coverage required by the parcel to be considered occupied is defined under *Minnesota Statutes, Section 469.174, Subdivision 10(e)*, which states:

“For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures unless 15 percent of the area of the parcel contains buildings, streets, utilities, paved or gravel parking lots, or other similar structures.”

Report by LHB, Inc.

2. CONDITION OF BUILDINGS TEST

- a. Minnesota Statutes, Section 469.174, Subdivision 10(a) states:

“...and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;”
- b. Structurally substandard is defined under Minnesota Statutes, Section 469.174, Subdivision 10(b), which states:

“For purposes of this subdivision, ‘structurally substandard’ shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.”

 - i. We do not count energy code deficiencies toward the thresholds required by *Minnesota Statutes, Section 469.174, Subdivision 10(b)* defined as “structurally substandard”, due to concerns expressed by the State of Minnesota Court of Appeals in the *Walsler Auto Sales, Inc. vs. City of Richfield* case filed November 13, 2001.
- c. Buildings are not eligible to be considered structurally substandard unless they meet certain additional criteria, as set forth in Subdivision 10(c) which states:

“A building is not structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence on the basis of reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs, or other similar reliable evidence.”

“Items of evidence that support such a conclusion [that the building is not disqualified] include recent fire or police inspections, on-site property tax appraisals or housing inspections, exterior evidence of deterioration, or other similar reliable evidence.”

 - i. LHB counts energy code deficiencies toward the 15 percent code threshold required by Minnesota Statutes, Section 469.174, Subdivision 10(c) for the following reasons:
 - 1) The Minnesota energy code is one of ten building code areas highlighted by the Minnesota Department of Labor and Industry website where minimum construction standards are required by law.
 - 2) Chapter 13 of the 2015 *Minnesota Building Code* states, “Buildings shall be designed and constructed in accordance with the *International Energy Conservation Code*.” Furthermore, Minnesota Rules, Chapter 1305.0021 Subpart 9 states, “References to the *International Energy Conservation Code* in this code mean the *Minnesota Energy Code*...”
 - 3) Chapter 11 of the 2015 Minnesota Residential Code incorporates Minnesota Rules, Chapters, 1322 and 1323 *Minnesota Energy Code*. The Senior Building Code Representative for the Construction Codes and Licensing Division of the Minnesota Department of Labor and Industry confirmed that the Minnesota Energy Code is being enforced throughout the State of Minnesota.
 - 4) In a January 2002 report to the Minnesota Legislature, the Management Analysis Division of the Minnesota Department of Administration confirmed that the construction cost of new buildings complying with the Minnesota Energy Code is higher than buildings built prior to the enactment of the code.
 - 5) Proper TIF analysis requires a comparison between the replacement value of a new building built under current code standards with the repairs that would be necessary to bring the existing building up to current code standards. In order for an equal comparison to be made, all applicable code chapters should be applied to both scenarios. Since current construction estimating software automatically applies the construction cost of complying with the Minnesota Energy Code, energy code deficiencies should also be identified in the existing structures.

Report by LHB, Inc.

3. DISTRIBUTION OF SUBSTANDARD BUILDINGS

- a. Minnesota Statutes, Section 469.174, Subdivision 10, defines a Redevelopment District and requires one or more of the following conditions “reasonably distributed throughout the district.”:

“(1) Parcels consisting of 70 percent 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 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;

(2) the property consists of vacant, unused, underused, inappropriately used, or infrequently used rail yards, rail storage facilities, or excessive or vacated railroad rights-of-way;

(3) tank facilities, or property whose immediately previous use was for tank facilities...”

- b. Our interpretation of the distribution requirement is that the substandard buildings must be reasonably distributed throughout the district as compared to the location of all buildings in the district. For example, if all of the buildings in a district are located on one half of the area of the district, with the other half occupied by parking lots (meeting the required 70 percent coverage for the district), we would evaluate the distribution of the substandard buildings compared with only the half of the district where the buildings are located. If all of the buildings in a district are located evenly throughout the entire area of the district, the substandard buildings must be reasonably distributed throughout the entire area of the district. We believe this is consistent with the opinion expressed by the State of Minnesota Court of Appeals in the *Walser Auto Sales, Inc. vs. City of Richfield* case filed November 13, 2001.

Part 3: Procedures Followed

LHB inspected three (3) of the three (3) buildings during the day of November 15, 2021. The building in parcel C was found to be not substandard based on external inspection. Parcel J has a metal structure used for cold storage and will be referred to as an outbuilding since the structure does not meet the definition of a building.

Barns and outbuildings:

For the purposes of our work, we are defining buildings as those structures inhabited by human beings. These structures would typically include water, sewer and electricity. Barns and small storage facilities are considered “outbuildings” which are not typically considered in TIF analysis because they have very few code requirements and are not intended for human occupation.

Part 4: Findings

1. Coverage Test

- a. The total square foot area of the parcel in the proposed TIF District was obtained from City records, GIS mapping and site verification.
- b. The total square foot area of buildings and site improvements on the parcels in the proposed TIF District was obtained from City records, GIS mapping and site verification.
- c. The percentage of coverage for each parcel in the proposed TIF District was computed to determine if the 15 percent minimum requirement was met. The total square footage of parcels meeting the 15 percent requirement was divided into the total square footage of the entire district to determine if the 70 percent requirement was met.

FINDING

The proposed TIF District met the coverage test under *Minnesota Statutes, Section 469.174, Subdivision 10(e)*, which resulted in parcels consisting of 66.7 percent of the area of the proposed TIF District being occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures (Diagram 2). This exceeds the 70 percent area coverage requirement for the proposed TIF District under *Minnesota Statutes, Section 469.174, Subdivision (a) (1)*.

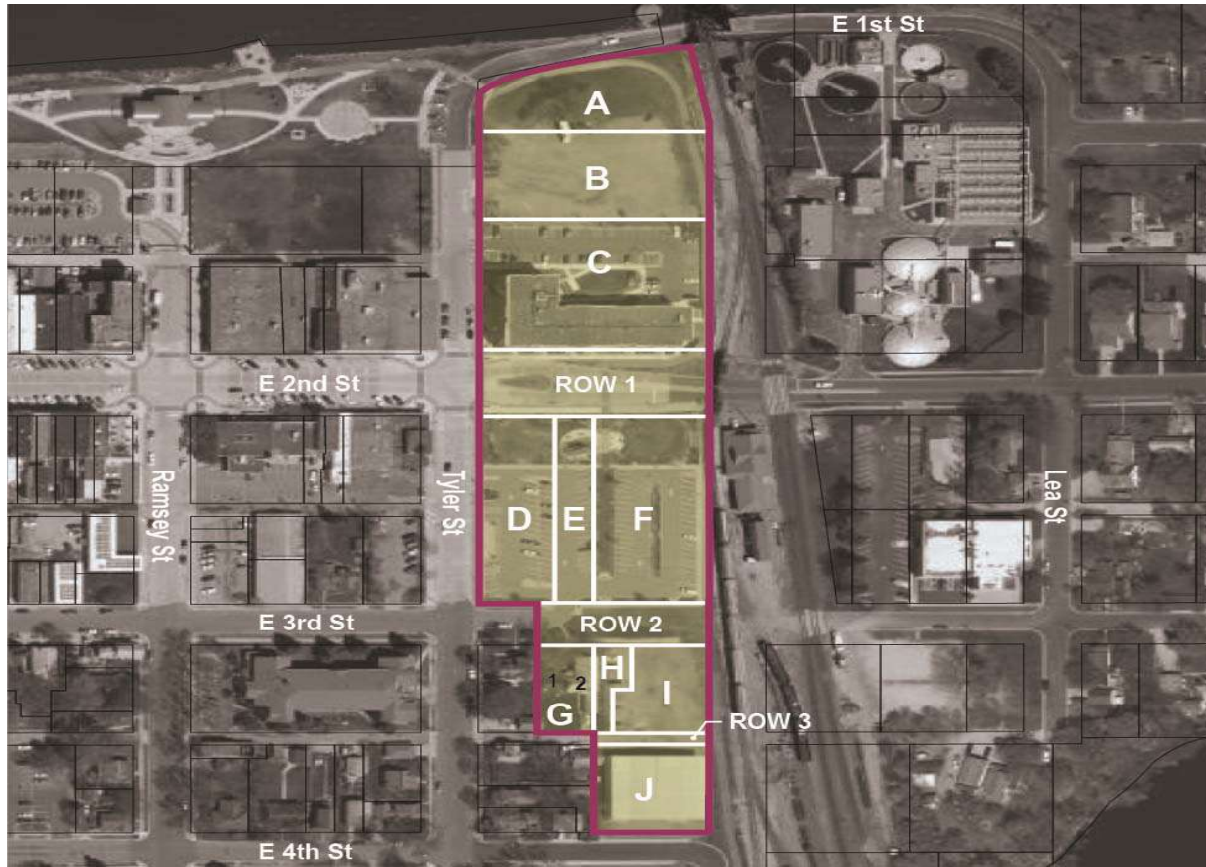


Diagram 2 – Coverage Diagram

Shaded area depicts a parcel more than 15 percent occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures

Report by LHB, Inc.

2. Condition of Building Test

a. BUILDING INSPECTION

- i. The first step in the evaluation process is the building inspection. After an initial walk-thru, the inspector makes a judgment whether or not a building “appears” to have enough defects or deficiencies of sufficient total significance to justify substantial renovation or clearance. If it does, the inspector documents with notes and photographs code and non-code deficiencies in the building.

b. REPLACEMENT COST

- i. The second step in evaluating a building to determine if it is substandard to a degree requiring substantial renovation or clearance is to determine its replacement cost. This is the cost of constructing a new structure of the same square footage and type on site. Replacement costs were researched using R.S. Means Cost Works square foot models for 2021.
- ii. A replacement cost was calculated by first establishing building use (office, retail, residential, etc.), building construction type (wood, concrete, masonry, etc.), and building size to obtain the appropriate median replacement cost, which factors in the costs of construction in Hastings, Minnesota.
- iii. Replacement cost includes labor, materials, and the contractor’s overhead and profit. Replacement costs do not include architectural fees, legal fees or other “soft” costs not directly related to construction activities. Replacement cost for each building is tabulated in Appendix A.

c. CODE DEFICIENCIES

- i. The next step in evaluating a building is to determine what code deficiencies exist with respect to such building. Code deficiencies are those conditions for a building which are not in compliance with current building codes applicable to new buildings in the State of Minnesota.
- ii. Minnesota Statutes, Section 469.174, Subdivision 10(c), specifically provides that a building cannot be considered structurally substandard if its code deficiencies are not at least 15 percent of the replacement cost of the building. As a result, it was necessary to determine the extent of code deficiencies for each building in the proposed TIF District.
- iii. The evaluation was made by reviewing all available information with respect to such buildings contained in City Building Inspection records and making interior and exterior inspections of the buildings. LHB utilizes the current Minnesota State Building Code as the official code for our evaluations. The Minnesota State Building Code is actually a series of provisional codes written specifically for Minnesota only requirements, adoption of several international codes, and amendments to the adopted international codes.
- iv. After identifying the code deficiencies in each building, we used R.S. Means Cost Works 2021; Unit and Assembly Costs to determine the cost of correcting the identified deficiencies. We were then able to compare the correction costs with the replacement cost of each building to determine if the costs for correcting code deficiencies meet the required 15 percent threshold.

FINDING

Two (2) out of three (3) buildings (66.7percent) in the proposed TIF District contained code deficiencies exceeding the 15 percent threshold required by Minnesota Statutes, Section 469.174, Subdivision 10(c). Building Code, Condition Deficiency and Context Analysis reports for the buildings in the proposed TIF District can be found in Appendix B of this report.

d. SYSTEM CONDITION DEFICIENCIES

- i. If a building meets the minimum code deficiency threshold under Minnesota Statutes, Section 469.174, Subdivision 10(c), then in order for such building to be “structurally substandard” under Minnesota Statutes, Section 469.174, Subdivision 10(b), the building’s defects or deficiencies should be of sufficient total significance to justify “substantial renovation or clearance.” Based on this definition, LHB re-evaluated each of the buildings that met the code deficiency threshold under Minnesota Statutes, Section 469.174, Subdivision 10(c), to determine if the total deficiencies warranted “substantial renovation or clearance” based on the criteria we outlined above.
- ii. System condition deficiencies are a measurement of defects or substantial deterioration in site elements, structure, exterior envelope, mechanical and electrical components, fire protection and emergency systems, interior partitions, ceilings, floors and doors.
- iii. The evaluation of system condition deficiencies was made by reviewing all available information contained in City records, and making interior and exterior inspections of the buildings. LHB only identified system condition deficiencies that were visible upon our inspection of the building or contained in City records. We did not consider the amount of “service life” used up for a particular component unless it was an obvious part of that component’s deficiencies.
- iv. After identifying the system condition deficiencies in each building, we used our professional judgment to determine if the list of defects or deficiencies is of sufficient total significance to justify “substantial renovation or clearance.”

FINDING

In our professional opinion, two (2) out of three (3) buildings (66.7 percent) in the proposed TIF District are structurally substandard to a degree requiring substantial renovation or clearance, because of defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance. This exceeds the 50 percent requirement of Subdivision 10a(1).

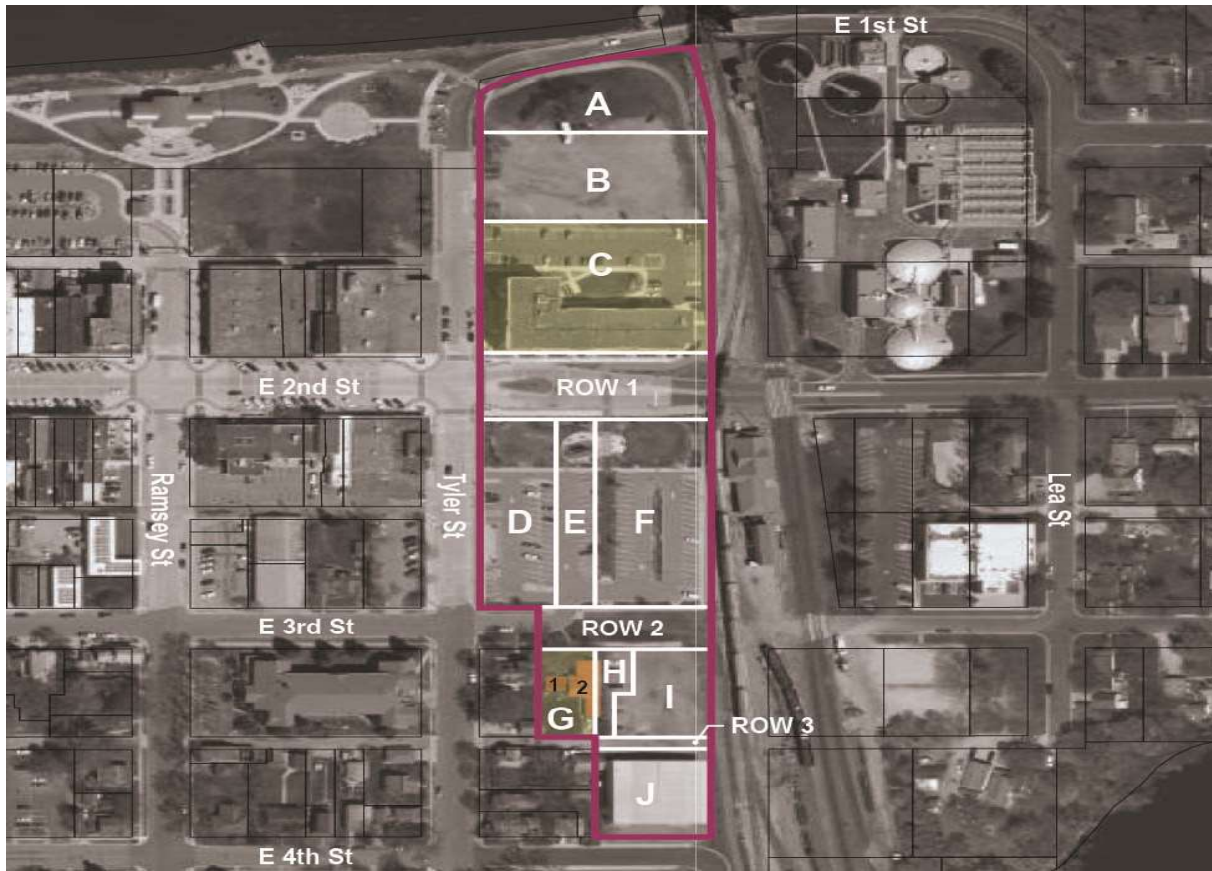
Report by LHB, Inc.

3. Distribution of Substandard Structures

- e. Much of this report has focused on the condition of individual buildings as they relate to requirements identified by Minnesota Statutes, Section 469.174, Subdivision 10. It is also important to look at the distribution of substandard buildings throughout the geographic area of the proposed TIF District (Diagram 3).

FINDING

The parcels with substandard buildings are reasonably distributed compared to all parcels that contain buildings.



Report by LHB, Inc.

Diagram 3 – Substandard Buildings

Shaded green area depicts parcels with buildings.
 Shaded orange area depicts substandard buildings.

Part 5: Team Credentials

Michael A. Fischer, AIA, LEED AP - Project Principal/TIF Analyst

Michael has 33 years of experience as project principal, project manager, project designer and project architect on planning, urban design, educational, commercial, and governmental projects. He has become an expert on Tax Increment Finance District analysis assisting over 100 cities with strategic planning for TIF Districts. He is an Architectural Principal at LHB and currently leads the Minneapolis office.

Michael completed a two-year Bush Fellowship, studying at MIT and Harvard in 1999, earning master's degrees in City Planning and Real Estate Development from MIT. He has served on more than 50 committees, boards, and community task forces, including a term as a City Council President, Chair of a Metropolitan Planning Organization, and Chair of the Edina Planning Commission. Most recently, he served as a member of the Edina city council and Secretary of the Edina HRA. Michael has also managed and designed several award-winning architectural projects and was one of four architects in the Country to receive the AIA Young Architects Citation in 1997.

Phil Fisher – Inspector

For 35 years, Phil Fisher worked in the field of Building Operations in Minnesota including White Bear Lake Area Schools. At the University of Minnesota, he earned his Bachelor of Science in Industrial Technology. He is a Certified Playground Safety Inspector, Certified Plant Engineer, and is trained in Minnesota Enterprise Real Properties (MERP) Facility Condition Assessment (FCA). His FCA training was recently applied to the Minnesota Department of Natural Resources Facilities Condition Assessment project involving over 2,000 buildings.

Appendices

- APPENDIX A** Property Condition Assessment Summary Sheet
- APPENDIX B** Building Code, Condition Deficiency and Context Analysis Reports
- APPENDIX C** Building Replacement Cost Reports
 - Code Deficiency Cost Reports
 - Photographs

Report by LHB, Inc.

APPENDIX A

Property Condition Assessment Summary Sheet

Report by LHB, Inc.

TIF DISTRICT 9 - Flats on Third

Property Condition Assessment Summary Sheet

Hasings, MN

TIF Map No.	PID #	Property Address	Improved or Vacant	Survey Method Used	Site Area (S.F.)	Coverage Area of Improvements (S.F.)	Coverage Percent of Improvements	Coverage Quantity (S.F.)	No. of Buildings	Building Replacement Cost	15% of Replacement Cost	Building Code Deficiencies	No. of Buildings Exceeding 15% Criteria	No. of buildings determined substandard
A	19-33950-00-10	N/A	Vacant	Exterior	28,079	7,862	28.0%	28,079	0					
B	19-33950-00-21	N/A	Vacant	Exterior	37,032	25,922	70.0%	37,032	0					
C	19-33951-01-10	121 Tyler Street	Improved	Interior/Exterior	55,423	47,110	85.0%	55,423	1	See Note 1			0	0
ROW 1	N/A	N/A	Vacant	Exterior	28,099	28,099	100.0%	28,099	0					
D	19-32150-16-011	N/A	Vacant	Exterior	26,400	15,840	60.0%	26,400	0					
E	19-32150-16-010	N/A	Vacant	Exterior	13,200	9,240	70.0%	13,200	0					
F	19-32150-16-012	N/A	Vacant	Exterior	39,572	19,786	50.0%	39,572	0					
ROW 2	N/A	N/A	Vacant	Exterior	13,141	13,141	100.0%	13,141	0					
G1	19-32150-17-230	404 3rd Street East	Improved	Interior/Exterior	9,217	5,530	60.0%	9,217	1	\$112,019	\$16,803	\$32,116	1	1
G2	19-32150-17-230	406 3rd Street East	Improved	Interior/Exterior	4,608	4,147	90.0%	4,608	1	\$246,011	\$36,902	\$111,935	1	1
H	19-32150-17-221	N/A	Vacant	Exterior	13,822	11,058	80.0%	13,822	0					
I	19-32150-17-220	N/A	Vacant	Exterior	2,671	2,671	100.0%	2,671	0					
ROW 3	N/A	N/A	Vacant	Exterior	18,430	18,430	100.0%	18,430	See Note 2					
J	19-32150-17-280	415 4th Street East	Improved	Interior/Exterior	18,430	18,430	100.0%	18,430	3				2	2
TOTALS					289,654			289,654					2	2

Total Coverage Percent: **100.0%**

Note 1: Based on external inspection, this building was assumed not to be substandard.
 Note 2: This is a metal cold storage structure and does not meet the definition of building for TIF purposes

Percent of buildings exceeding 15 percent code deficiency threshold: **66.7%**

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Percent of buildings determined substandard: **66.7%**

APPENDIX B

Building Code, Condition Deficiency and Context Analysis Reports

Report by LHB, Inc.

TIF District 9 – Flats on Third

Building Code, Condition Deficiency and Context Analysis Report

Parcel G1

Address:
 Parcel ID:
 Inspection Date(s) & Time(s):
 Inspection Type:
 Summary of Deficiencies:

Single Unit Apartment

404 3rd Street East, Hastings, Minnesota 55033
 19-32150-17-030
 November 15, 2021 1:00 PM
 Interior and Exterior
 It is our professional opinion that this building is Substandard because:
 - Substantial renovation is required to correct Conditions found.
 - Building Code deficiencies total more than 15% of replacement cost, NOT including energy code deficiencies.

Estimated Replacement Cost:	\$112,019
Estimated Cost to Correct Building Code Deficiencies:	\$32,116
Percentage of Replacement Cost for Building Code Deficiencies:	28.7%

DEFECTS IN STRUCTURAL ELEMENTS

1.

COMBINATION OF DEFICIENCIES

1. Essential Utilities and Facilities
 - a. The entrance is not ADA compliant for an apartment.
 - b. The apartment does not comply with code for access to and through a covered dwelling.
 - c. The bathroom is not ADA compliant for an apartment.
 - d. The kitchen is not ADA compliant for an apartment.

2. Light and Ventilation
 - a. The HVAC system does not comply with code.

3. Fire Protection/Adequate Egress
 - a. Exterior thresholds do not comply with code for maximum height.
 - b. Building does not comply with code for minimum distance to adjacent building.
 - c. Smoke detectors do not comply with code.
 - d. There are no code required carbon monoxide detectors.
 - e. There are no code required Arc Fault Circuit Interrupters in the building.

4. Layout and Condition of Interior Partitions/Materials
 - a. Ceiling is water stained from roof leaks.

- b. Kitchen counter laminate is damaged and should be repaired.
 - c. Floor to ceiling height in back room does not comply with code for minimum height.
 - d. Window treatment is damaged.
 - e. Walls and ceilings should be repaired/repainted.
5. Exterior Construction
- a. Windows are failing allowing for water intrusion which is contrary to code.
 - b. Wood fascia and soffit should be repainted.
 - c. Rear door jamb is damaged and should be repaired.
 - d. Roofing material is failing allowing for water intrusion which is contrary to code.

DESCRIPTION OF CODE DEFICIENCIES

1. Building does not comply with code for proper distance from adjacent structure.
2. Entrance to building does not comply with accessibility code.
3. The apartment does not comply with code for access to and through a covered dwelling.
4. The bathroom is not ADA code compliant for an apartment.
5. The kitchen is not ADA code compliant for an apartment.
6. Exterior thresholds do not comply with code for maximum height.
7. The smoke detectors do not comply with code.
8. There are no code required carbon monoxide detectors.
9. There are no code required Arc Fault Circuit Interrupters in the building.
10. The HVAC system does not comply with code.
11. Floor to ceiling height in back room does not comply with code for minimum height.
12. Failed windows should be replaced to prevent water intrusion per code.
13. Failed roofing material should be replaced to prevent water intrusion per code.

OVERVIEW OF DEFICIENCIES

This one-story building is currently permitted by the city as an apartment. The building was vacant when inspected. The building does not comply with code for proper spacing from adjacent structure. Access to the apartment does not comply with code. Access to all areas of the apartment does not comply with ADA code. The interior walls and ceilings need repair/repainting. The back-room area does not comply with code for minimum floor to ceiling height. Smoke detectors do not comply with code. There are no code required carbon monoxide detectors or AFCI's in the building. The HVAC system does not comply with code. Failed windows are allowing for water intrusion which does not comply with code. Failed roofing material is allowing for water intrusion which does not comply with code.

ENERGY CODE DEFICIENCIES

In addition to the building code deficiencies listed above, the existing building does not comply with the current energy code. These deficiencies are not included in the estimated costs to correct code deficiencies and are not considered in determining whether the building is substandard:

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TIF District 9 – Flats on Third

Building Code, Condition Deficiency and Context Analysis Report

Parcel G2

Address:

406 3rd Street East, Hastings, Minnesota 55033

Parcel ID:

19-32150-17-030

Inspection Date(s) & Time(s):

November 15, 2021 1:20 PM

Inspection Type:

Interior and Exterior

Summary of Deficiencies:

It is our professional opinion that this building is Substandard because:

- Substantial renovation is required to correct Conditions found.
- Building Code deficiencies total more than 15% of replacement cost, NOT including energy code deficiencies.

Estimated Replacement Cost:

\$246,011

Estimated Cost to Correct Building Code Deficiencies:

\$111,935

Percentage of Replacement Cost for Building Code Deficiencies:

45.5%

DEFECTS IN STRUCTURAL ELEMENTS

1. Foundation wall is cracked allowing for water intrusion which is contrary to code.
2. Floor joists are not properly supported per code.

COMBINATION OF DEFICIENCIES

1. Essential Utilities and Facilities
 - a. The entrance is not ADA compliant for an apartment.
 - b. The apartment building does not comply with code for access to and through a covered dwelling.
 - c. There is no ADA code compliant bathroom for an apartment.
 - d. There is no ADA code compliant kitchen for an apartment.
2. Light and Ventilation
 - a. The HVAC system does not comply with code.
 - b. Water heater is not properly vented per code.
 - c. Electrical wiring is not properly installed per code.
 - d. There is no code required kitchen exhaust system.
3. Fire Protection/Adequate Egress
 - a. Exterior thresholds do not comply with code for maximum height.
 - b. Building does not comply with code for minimum distance to adjacent building.
 - c. Smoke detectors do not comply with code.
 - d. There are no code required carbon monoxide detectors.

- e. There are no code required Arc Fault Circuit Interrupters in the building.
 - f. No code required Ground Fault Circuit Interrupters were observed.
 - g. Stairways do not comply with code.
4. Layout and Condition of Interior Partitions/Materials
- a. Ceiling is water stained from roof leaks.
 - b. Ceiling tile is damaged and should be replaced.
 - c. Floor to ceiling height in the basement does not comply with code for minimum height.
 - d. Window treatment is damaged.
 - e. Walls and ceilings should be repaired/repainted.
 - f. Carpeting is damaged/soiled and should be replaced.
5. Exterior Construction
- a. Exterior wood surfaces should be repainted.
 - b. Front door is damaged and should be replaced.
 - c. Windows are failing allowing for water intrusion which is contrary to code.
 - d. Chimney brick and mortar is cracked/missing allowing for water intrusion which is contrary to code.
 - e. Roofing material is failing allowing for water intrusion which is contrary to code.

DESCRIPTION OF CODE DEFICIENCIES

1. Cracked foundation wall is allowing water intrusion which is contrary to code.
2. Floor joists are not properly supported per code.
3. The apartment building does not comply with code for accessibility to and through a covered dwelling.
4. There is no code compliant accessible bathroom.
5. There is no code compliant accessible kitchen.
6. The HVAC system does not comply with code.
7. Water heater is not properly vented per code.
8. Electrical wiring is not properly installed per code.
9. There is no code required kitchen exhaust system.
10. Exterior thresholds do not comply with code for maximum height.
11. Building is too close to adjacent structure to comply with code.
12. Smoke detectors do not comply with code.
13. There are no code required carbon monoxide detectors.
14. There are no code required AFCI's.
15. Code required GFCI's were not observed.
16. Stairways do not comply with code.
17. Floor to ceiling height in basement does not comply with code.
18. Failed windows should be replaced to prevent water intrusion per code.
19. Chimney brick and mortar is failing allowing for water intrusion which is contrary to code.
20. Failing roofing material should be replaced to prevent water intrusion per code.

OVERVIEW OF DEFICIENCIES

This building is permitted by the city as an apartment building. The building is currently vacant. Foundation is cracked allowing for water intrusion which is contrary to code. Floor joists are not properly supported per code. The apartment building does not comply with access code to and through a covered dwelling. There is no code required accessible restroom or kitchen. The HVAC system does not comply with code. The water heater is not properly vented per code. There is no code required kitchen exhaust. Exterior thresholds do not comply with code for maximum height. Building does not comply with code for proper distance to adjacent structure. Smoke detectors do not comply with code. Floor to ceiling height in basement does not comply with code. Stairways do not comply with code. There are no visible code required GFCI's or AFCI's. There are no code required carbon monoxide detectors. Failed windows should be replaced to prevent water intrusion per code. The chimney brick and mortar should be repaired to prevent water intrusion per code. Failing roofing material should be replaced to prevent water intrusion per code.

ENERGY CODE DEFICIENCIES

In addition to the building code deficiencies listed above, the existing building does not comply with the current energy code. These deficiencies are not included in the estimated costs to correct code deficiencies and are not considered in determining whether the building is substandard:

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Report by LHB, Inc.

APPENDIX C

Building Replacement Cost Reports

Code Deficiency Cost Reports

Photographs

Report by LHB, Inc.



Square Foot Cost Estimate Report

Date: 11/18/2021

Estimate Name:	404 3rd Street East
Building Type:	Economy 1 Story with Wood Siding - Wood Frame
Location:	HASTINGS, MN
Story Count:	1
Story Height (L.F.):	8.00
Floor Area (S.F.):	688
Labor Type:	RES
Basement:	No
Data Release:	Year 2021 Quarter 1
Cost Per Square Foot:	\$162.82
Building Cost:	\$112,019.89



Costs are derived from a building model with basic components.
Scope differences and market conditions can cause costs to vary significantly.

		% of Total	Cost Per S.F.	Cost
01	Site Work	3.45%	\$4.88	\$3,360.46
0104034	Footing excavation, building, 26' x 46', 4' deep		\$4.88	\$3,360.46
02	Foundation	15.62%	\$22.11	\$15,211.73
0204030	Footing systems, 10" thick by 20" wide footing		\$4.01	\$2,758.21
0208034	Block wall systems, 8" wall, grouted, full height		\$13.34	\$9,179.36
0220034	Floor slab systems, 4" thick slab		\$4.76	\$3,274.16
03	Framing	13.59%	\$19.24	\$13,235.25
0308026	Exterior wall framing systems, 2" x 4", 16" OC		\$0.71	\$485.66
0308026	Exterior wall framing systems, 2" x 4", 16" OC		\$7.45	\$5,125.99
0332042	Shed/flat roof framing systems, 2" x 8", 16" OC, 4/12 pitch		\$7.23	\$4,974.24
0348026	Partition framing systems, 2" x 4", 16" OC		\$3.85	\$2,649.36
04	Exterior Walls	18.21%	\$25.79	\$17,740.55
0416042	Metal & plastic siding systems, vinyl clapboard siding, 8" wide, white		\$0.80	\$552.21
0416050	Metal & plastic siding systems, vinyl vertical board & batten, white		\$9.84	\$6,772.86
0420043	Non-rigid insul, batts, fbgl, kraft faced, 3-1/2" thick, R13, 15" W		\$1.04	\$718.13
0420051	Non-rigid insul, batts, fbgl, kraft faced, 12" thick, R38, 23" wide		\$1.65	\$1,135.15
0440026	Sliding window systems, builder's quality wood window, 3' x 2'		\$8.76	\$6,025.30
0452046	Door systems, solid core birch, flush, 3' x 6'-8"		\$2.84	\$1,954.00
0460025	Storm door, al, combination, storm & screen, anodized, 3'-0" x 6'-8"		\$0.85	\$582.90
05	Roofing	5.90%	\$8.36	\$5,751.68
0534034	Built-up roof, asphalt, inorganic, 3-ply, insulated deck		\$8.36	\$5,751.68
06	Interiors	24.09%	\$34.11	\$23,468.59
0604026	Wall system, 1/2" drywall, taped & finished		\$9.42	\$6,479.09
0604026	Wall system, 1/2" drywall, taped & finished		\$4.14	\$2,850.80
0608026	1/2" gypsum wallboard, taped & finished ceilings		\$2.84	\$1,953.92
0620026	Lauan, flush door, hollow core, interior		\$8.76	\$6,028.51
0660017	Carpet, Olefin, 15 oz		\$2.53	\$1,738.60
0660027	Padding, sponge rubber cushion, minimum		\$0.80	\$551.74
0660038	Underlayment plywood, 1/2" thick		\$2.80	\$1,923.11
0664029	Resilient flooring, vinyl sheet goods, backed, .070" thick, minimum		\$1.45	\$994.47
0664048	Resilient flooring, sleepers, treated, 16" OC, 1" x 3"		\$1.38	\$948.35
07	Specialties	6.44%	\$9.12	\$6,276.02
0708026	Kitchen, economy grade		\$4.10	\$2,821.49
0712035	Sinks, stainless steel, single bowl 16" x 20"		\$2.65	\$1,820.96
0712039	Water heater, electric, 30 gallon		\$2.37	\$1,633.57
08	Mechanical	9.43%	\$13.35	\$9,185.58
0812046	Three fixture bathroom with wall hung lavatory		\$6.34	\$4,362.08
0860101	Furnace, gas heating only, 100 MBH, area to 1200 SF		\$1.85	\$1,272.54

Report by LHB, Inc.

0860109	Intermittent pilot, 100 MBH furnace		\$0.67	\$461.75
0860111	Supply duct, rectangular, area to 1200 SF, rigid fiberglass		\$0.88	\$603.64
0860121	Return duct, sheet metal galvanized, to 1500 SF		\$1.07	\$737.49
0860123	Lateral ducts, flexible round 6" insulated, to 1200 SF		\$1.02	\$704.44
0860135	Register elbows, to 1500 SF		\$0.54	\$371.59
0860137	Floor registers, enameled steel w/damper, to 1500 SF		\$0.40	\$278.55
0860139	Return air grille, area to 1500 SF 12" x 12"		\$0.11	\$76.75
0860143	Thermostat, manual, 1 set back		\$0.19	\$132.98
0860147	Plenum, heating only, 100 MBH		\$0.27	\$183.77
09	Electrical	3.26%	\$4.62	\$3,178.74
0910036	100 amp electric service		\$2.04	\$1,406.35
0935112	Wiring device systems, economy to 1200 S.F.		\$2.02	\$1,387.36
0945112	Light fixture systems, economy to 1200 S.F.		\$0.56	\$385.03
SubTotal		100%	\$141.58	\$97,408.60
Contractor Fees (General Conditions,Overhead,Profit)		15.0 %	\$21.24	\$14,611.29
Architectural Fees		0.0 %	\$0.00	\$0.00
User Fees		0.0 %	\$0.00	\$0.00
Total Building Cost			\$162.82	\$112,019.89

Report by LHB, Inc.

TIF DISTRICT 9 - FLATS ON THIRD

Code Deficiency Cost Report

Parcel G1 - 404 3rd Street East, Hastings, Minnesota 55033

Parcel ID 19-32150-17-030

Building Name or Type

Single-Unit Apartment

Code	Related Cost Items	Unit Cost	Units	Unit Quantity	Total
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Accessibility Items

Access

Modify entrance to comply with accessibility code \$ 1,000.00 Lump 1 \$ 1,000.00

Modify interior to comply with code for access to and through a covered dwelling \$ 1,000.00 Lump 1 \$ 1,000.00

Bathroom

Modify to comply with code \$ 6.34 SF 688 \$ 4,361.92

Kitchen

Modify to comply with code \$ 6.75 SF 688 \$ 4,644.00

Structural Elements

\$ -

Exiting

Thresholds

Modify thresholds to comply with code for maximum height \$ 100.00 EA 2 \$ 200.00

Fire Protection

Building Position

Modify building to comply with code regarding distance from adjacent structures \$ 3.00 SF 688 \$ 2,064.00

Smoke Detectors

Install code compliant smoke detectors \$ 0.75 SF 688 \$ 516.00

Carbon Monoxide Detectors

Install code required carbon monoxide detectors \$ 0.75 SF 688 \$ 516.00

Arc Fault Circuit Interrupters

Install code required AFCI's \$ 150.00 EA 4 \$ 600.00

Exterior Construction

Windows

Replace failed windows to prevent water intrusion per code \$ 8.76 SF 688 \$ 6,026.88

Roof Construction

Roofing Material

Remove failed roofing material \$ 0.90 SF 688 \$ 619.20

Install roofing material to prevent water intrusion per code \$ 8.36 SF 688 \$ 5,751.68

Report by LHB, Inc.

Code	Related Cost Items	Unit Cost	Units	Unit Quantity	Total
Mechanical- Electrical					
	Mechanical				
	Install code compliant HVAC system	\$ 7.00	SF	688	\$ 4,816.00
Total Code Improvements					\$ 32,116

Report by LHB, Inc.

404 3rd Street East TIF District 9 - Parcel G1



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Report by LHB, Inc.

404 3rd Street East TIF District 9 - Parcel G1



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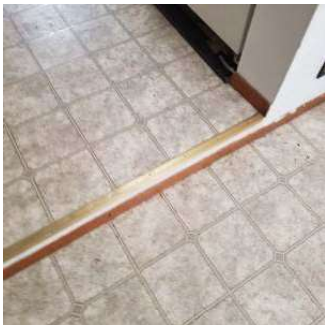
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Report by LHB, Inc.

404 3rd Street East TIF District 9 - Parcel G1



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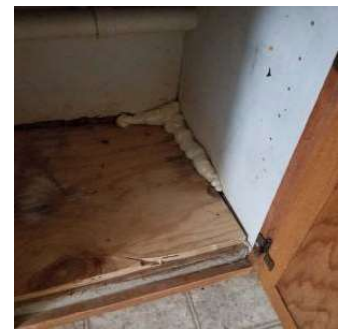
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Report by LHB, Inc.



Square Foot Cost Estimate Report

Date: 11/18/2021

Estimate Name:	406 3rd Street East	 <p>Costs are derived from a building model with basic components. Scope differences and market conditions can cause costs to vary significantly.</p>
Building Type:	Economy 2 Story with Wood Siding - Wood Frame	
Location:	HASTINGS, MN	
Story Count:	2	
Story Height (L.F.):	8.00	
Floor Area (S.F.):	2028	
Labor Type:	RES	
Basement:	Unfinished	
Data Release:	Year 2021 Quarter 1	
Cost Per Square Foot:	\$121.31	
Building Cost:	\$246,011.28	

		% of Total	Cost Per S.F.	Cost
01	Site Work	1.57%	\$1.66	\$3,360.46
0104034	Footing excavation, building, 26' x 46', 4' deep		\$1.66	\$3,360.46
02	Foundation	13.41%	\$14.15	\$28,689.21
0204030	Footing systems, 10" thick by 20" wide footing		\$1.63	\$3,296.07
0208034	Block wall systems, 8" wall, grouted, full height		\$5.41	\$10,969.36
0208034	Block wall systems, 8" wall, grouted, full height		\$4.73	\$9,598.19
0220034	Floor slab systems, 4" thick slab		\$2.38	\$4,825.59
03	Framing	21.12%	\$22.28	\$45,180.67
0302028	Floor framing systems, 2" x 8", 16" OC		\$5.21	\$10,555.99
0302106	Floor framing, wood joists, #2 or better, pine, 2" x 8", 16" OC		\$1.40	\$2,847.37
0302112	Floor framing, bridging, wood 1" x 3", joists 16" OC		\$0.22	\$442.32
0302119	Box sills, #2 or better pine, 2" x 8"		\$0.21	\$429.52
0308026	Exterior wall framing systems, 2" x 4", 16" OC		\$0.29	\$580.36
0308026	Exterior wall framing systems, 2" x 4", 16" OC		\$6.04	\$12,251.14
0316042	Truss roof framing systems, 24" OC, 4/12 pitch, 1' overhang, 26' span		\$4.45	\$9,034.01
0316138	Furring, 1" x 3", 16" OC		\$1.16	\$2,346.15
0348026	Partition framing systems, 2" x 4", 16" OC		\$3.30	\$6,693.81
04	Exterior Walls	16.91%	\$17.84	\$36,184.92
0416042	Metal & plastic siding systems, vinyl clapboard siding, 8" wide, white		\$0.33	\$659.89
0416042	Metal & plastic siding systems, vinyl clapboard siding, 8" wide, white		\$6.87	\$13,929.84
0420043	Non-rigid insul, batts, fbgls, kraft faced, 3-1/2" thick, R13, 15" W		\$0.85	\$1,716.32
0420051	Non-rigid insul, batts, fbgls, kraft faced, 12" thick, R38, 23" wide		\$0.82	\$1,673.02
0440026	Sliding window systems, builder's quality wood window, 3' x 2'		\$7.10	\$14,400.50
0452046	Door systems, solid core birch, flush, 3' x 6'-8"		\$1.45	\$2,931.00
0460025	Storm door, al, combination, storm & screen, anodized, 3'-0" x 6'-8"		\$0.43	\$874.35
05	Roofing	2.67%	\$2.81	\$5,701.49
0504034	Gable end roofing, asphalt, roof shingles, class A		\$2.81	\$5,701.49
06	Interiors	31.30%	\$33.02	\$66,956.02
0604026	Wall system, 1/2" drywall, taped & finished		\$3.36	\$6,813.43
0604026	Wall system, 1/2" drywall, taped & finished		\$8.07	\$16,369.92
0608026	1/2" gypsum wallboard, taped & finished ceilings		\$2.84	\$5,759.52
0620026	Lauan, flush door, hollow core, interior		\$7.97	\$16,154.63
0660017	Carpet, Olefin, 15 oz		\$2.53	\$5,124.82
0660027	Padding, sponge rubber cushion, minimum		\$0.80	\$1,626.36
0660038	Underlayment plywood, 1/2" thick		\$2.80	\$5,668.71
0664029	Resilient flooring, vinyl sheet goods, backed, .070" thick, minimum		\$1.45	\$2,931.37
0664048	Resilient flooring, sleepers, treated, 16" OC, 1" x 3"		\$0.69	\$1,397.71

Report by LHB, Inc.

0690036	Stairways 14 risers, oak treads, box stairs		\$1.94	\$3,934.97
0690137	Basement stairs, open risers		\$0.58	\$1,174.58
07	Specialties	2.93%	\$3.09	\$6,276.02
0708026	Kitchen, economy grade		\$1.39	\$2,821.49
0712035	Sinks, stainless steel, single bowl 16" x 20"		\$0.90	\$1,820.96
0712039	Water heater, electric, 30 gallon		\$0.81	\$1,633.57
08	Mechanical	6.82%	\$7.19	\$14,585.40
0812046	Three fixture bathroom with wall hung lavatory		\$2.15	\$4,362.08
0860101	Furnace, gas heating only, 100 MBH, area to 1200 SF		\$0.63	\$1,272.54
0860109	Intermittent pilot, 100 MBH furnace		\$0.23	\$461.75
0860111	Supply duct, rectangular, area to 1200 SF, rigid fiberglass		\$0.88	\$1,779.33
0860121	Return duct, sheet metal galvanized, to 1500 SF		\$1.07	\$2,173.88
0860123	Lateral ducts, flexible round 6" insulated, to 1200 SF		\$1.02	\$2,076.44
0860135	Register elbows, to 1500 SF		\$0.54	\$1,095.31
0860137	Floor registers, enameled steel w/damper, to 1500 SF		\$0.40	\$821.08
0860139	Return air grille, area to 1500 SF 12" x 12"		\$0.11	\$226.24
0860143	Thermostat, manual, 1 set back		\$0.07	\$132.98
0860147	Plenum, heating only, 100 MBH		\$0.09	\$183.77
09	Electrical	3.27%	\$3.45	\$6,988.66
0910036	100 amp electric service		\$0.69	\$1,406.35
0930018	Duplex receptacles using non-metallic sheathed cable		\$0.18	\$357.90
0935112	Wiring device systems, economy to 1200 S.F.		\$2.02	\$4,089.48
0945112	Light fixture systems, economy to 1200 S.F.		\$0.56	\$1,134.93
SubTotal		100%	\$105.48	\$213,922.85
Contractor Fees (General Conditions,Overhead,Profit)		15.0 %	\$15.82	\$32,088.43
Architectural Fees		0.0 %	\$0.00	\$0.00
User Fees		0.0 %	\$0.00	\$0.00
Total Building Cost			\$121.31	\$246,011.28

Report by LHB, Inc.

TIF DISTRICT 9 - FLATS ON THIRD

Code Deficiency Cost Report

Parcel G2 - 406 3rd Street East, Hastings, Minnesota 55033

Parcel ID 19-32150-17-030

Building Name or Type

Multi-Unit Apartment Building

Code	Related Cost Items	Unit Cost	Units	Unit Quantity	Total
Accessibility Items					
	Access				
	Modify entrance to comply with accessibility code	\$ 1,000.00	Lump	1	\$ 1,000.00
	Modify interior to comply with code for access to and through a covered dwelling	\$ 1,000.00	Lump	1	\$ 1,000.00
	Bathroom				
	Modify bathroom to comply with code	\$ 2.15	SF	2,028	\$ 4,360.20
	Kitchen				
	Modify kitchen to comply with code	\$ 2.29	SF	2,028	\$ 4,644.12
Structural Elements					
	Foundation				
	Repair cracks to prevent water intrusion per code	\$ 250.00	Lump	1	\$ 250.00
	Floor Joists				
	Support floor joists per code	\$ 1.40	SF	2,028	\$ 2,839.20
Exiting					
	Thresholds				
	Modify thresholds to comply with code for maximum height	\$ 100.00	EA	2	\$ 200.00
	Basement				
	Modify basement to comply with code for minimum floor to ceiling height	\$ 20.00	SF	2,028	\$ 40,560.00
	Stairways				
	Modify second floor stairway to comply with code	\$ 1.94	SF	2,028	\$ 3,934.32
	Modify basement stairway to comply with code	\$ 0.58	SF	2,028	\$ 1,176.24
Fire Protection					
	Building Position				
	Modify building to comply with code regarding distance from adjacent structures	\$ 3.00	SF	2,028	\$ 6,084.00
	Smoke Detectors				
	Install code compliant smoke detectors	\$ 0.75	SF	2,028	\$ 1,521.00
	Carbon Monoxide Detectors				
	Install code required carbon monoxide detectors	\$ 0.75	SF	2,028	\$ 1,521.00
	Arc Fault Circuit Interrupters				
	Install code required AFCI's	\$ 150.00	EA	8	\$ 1,200.00
	Ground Fault Circuit Interrupters				

Report by LHB, Inc.

Code	Related Cost Items	Unit Cost	Units	Unit Quantity	Total
	Install code required GFCI's	\$ 150.00	EA	8	\$ 1,200.00
Exterior Construction					
Windows					
	Replace failed windows to prevent water intrusion per code	\$ 7.10	SF	2,028	\$ 14,398.80
Chimney					
	Repair chimney brick and mortar to prevent water intrusion per code	\$ 1,000.00	Lump	1	\$ 1,000.00
Roof Construction					
Roofing Material					
	Remove failed roofing material	\$ 0.90	SF	2,028	\$ 1,825.20
	Install roofing material to prevent water intrusion per code	\$ 2.81	SF	2,028	\$ 5,698.68
Mechanical- Electrical					
Mechanical					
	Install code compliant HVAC system	\$ 5.04	SF	2,028	\$ 10,221.12
	Modify water heater exhaust to comply with code	\$ 0.15	SF	2,028	\$ 304.20
	Install code required kitchen exhaust	\$ 1.25	SF	2,028	\$ 2,535.00
Electrical					
	Install code compliant electrical wiring	\$ 2.20	SF	2,028	\$ 4,461.60
Total Code Improvements					\$ 111,935

Report by LHB, Inc.

406 3rd Street East TIF District 9 - Parcel G2



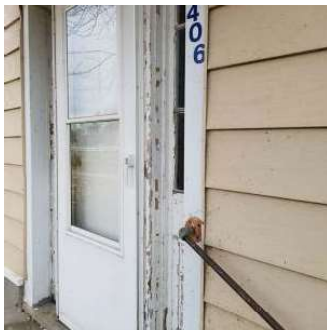
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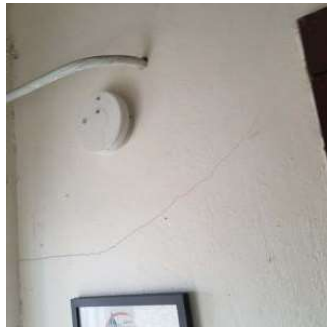
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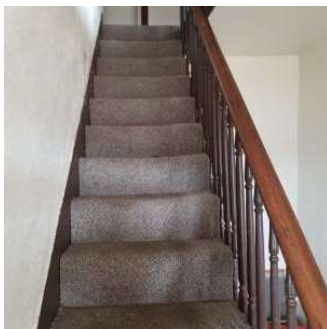
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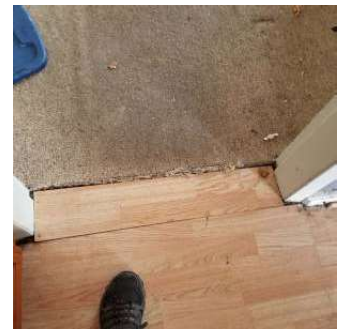
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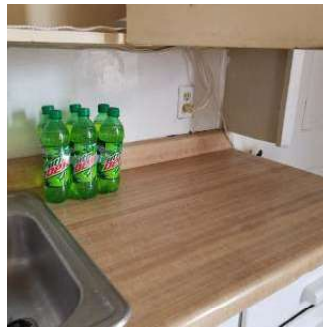
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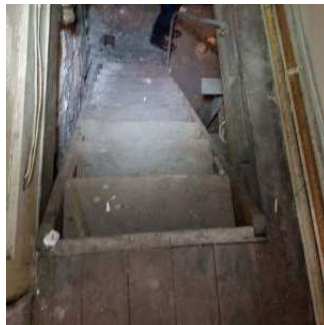
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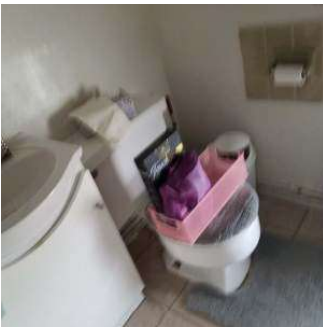
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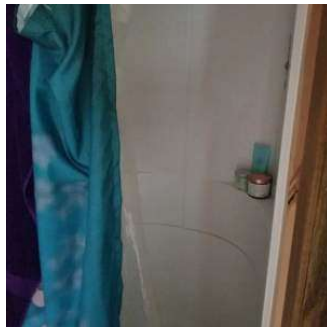
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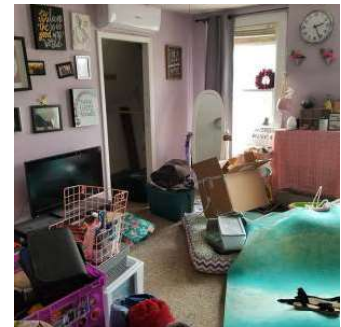
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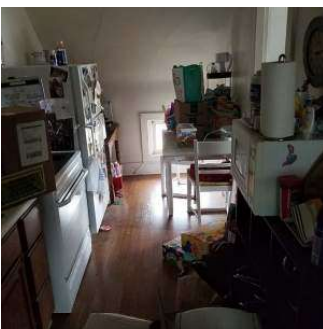
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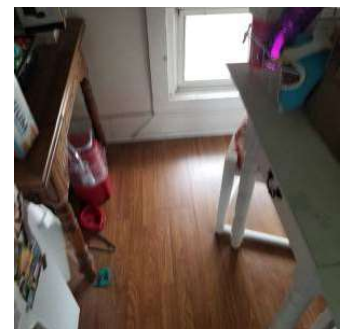
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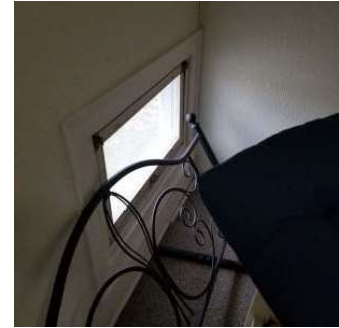
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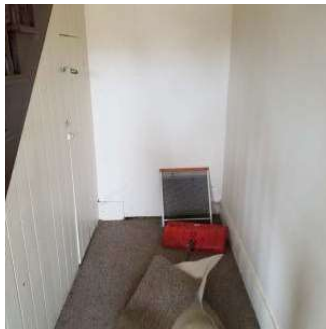
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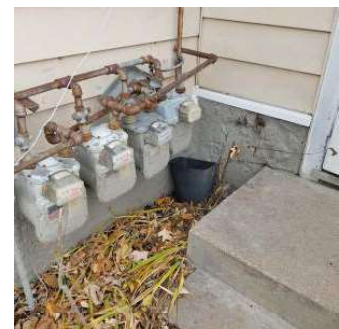
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