

## CITY OF DULUTH

DEPARTMENT OF PLANNING & CONSTRUCTION SERVICES  
Planning Division  
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# MEMO

**TO:** Planning Commission

**FROM:** Keith A. Hamre, Director 

**DATE:** July 31, 2015

**RE:** Conformance of Development District for Kenwood Village to Comprehensive Plan (PL15-117)

In order to facilitate development of housing and commercial in a mixed use development is the area commonly called the Kenwood Village, the project proposer is asking for Tax Increment Financing. The proposal calls for construction of 83 units of multi-family rental housing and 14,000 sq.ft. of commercial space. Tax Increment Financing (TIF) is a financing tool which uses the increment in property tax increase due to site improvements to pay for those improvements.

The role of the Planning Commission to make sure the proposed development and uses are consistent with the Comprehensive Plan and Unified Development Code (UDC).

The property is zoned MU-N, Mixed Use Neighborhood. The purpose statement of the MU-N zone is: "...to accommodate a mix of neighborhood scale, neighborhood serving non-residential uses and a range of residential uses in close proximity as shown in Table 50-19.8. The district accommodates both horizontal (uses located in separate structures) and vertical (uses located in the same building) types of mixed".

The Future Land Use Designation is Neighborhood Mixed Use. The description of this land use is: "Non-residential uses may include small scale retail, service and professional offices that provide goods and services to the residents of the surrounding neighborhood".

This project implements the following Comprehensive Plan Principle's.

Principle #8 – Encourage mix of activities, uses and densities – Cities have evolved as a mix of land uses, building types, housing types, and activities. Accommodating choice while protecting investment is a balance to strike in land use regulation. Mixed uses provide opportunity for a diversity of activity that segregated, uniform uses do not provide.

The proposed development conforms to and implements the Comprehensive Plan principles and the Unified Development Code. Staff recommends the Planning Commission make a finding as such as shown on the attached resolution dated August 11, 2015.

**PLANNING COMMISSION  
CITY OF DULUTH, MINNESOTA**

**RESOLUTION of CITY OF DULUTH PLANNING COMMISSION**

**RESOLUTION OF THE CITY OF DULUTH PLANNING COMMISSION  
FINDING A TAX INCREMENT FINANCING PLAN FOR TAX INCREMENT  
FINANCING DISTRICT NO. 30 CONFORMS TO THE GENERAL PLANS FOR  
THE DEVELOPMENT AND REDEVELOPMENT OF THE CITY AND  
RECOMMENDING APPROVAL THEREOF.**

WHEREAS, the Duluth Economic Development Authority (the "DEDA") has proposed to adopt a Tax Increment Financing Plan for Tax Increment Financing District No. 30, Kenwood Village (the "TIF Plan") within said District (the Development Program Modification and the TIF Plan are referred to collectively herein as the "Program and Plan") and has submitted the Program and Plan to the City Planning Commission (the "Commission") pursuant to Minnesota Statutes, Sections 469.126 Subd. 1 and 469.175, Subd. 3, and

WHEREAS, the Commission has reviewed the Program and Plan to determine their conformity with the general plans for the development and redevelopment of the City as described in the comprehensive plan for the City.

NOW, THEREFORE, BE IT RESOLVED that, based on the information on file with the Commission, the Commission hereby finds and determines that the Program and Plan conform to the general plans for the development and redevelopment of the City as a whole; and

FURTHER RESOLVED, that the Commission hereby recommends that the Duluth City Council approve the Development Program Modification and the establishment of the TIF Plan as proposed by DEDA as described above.

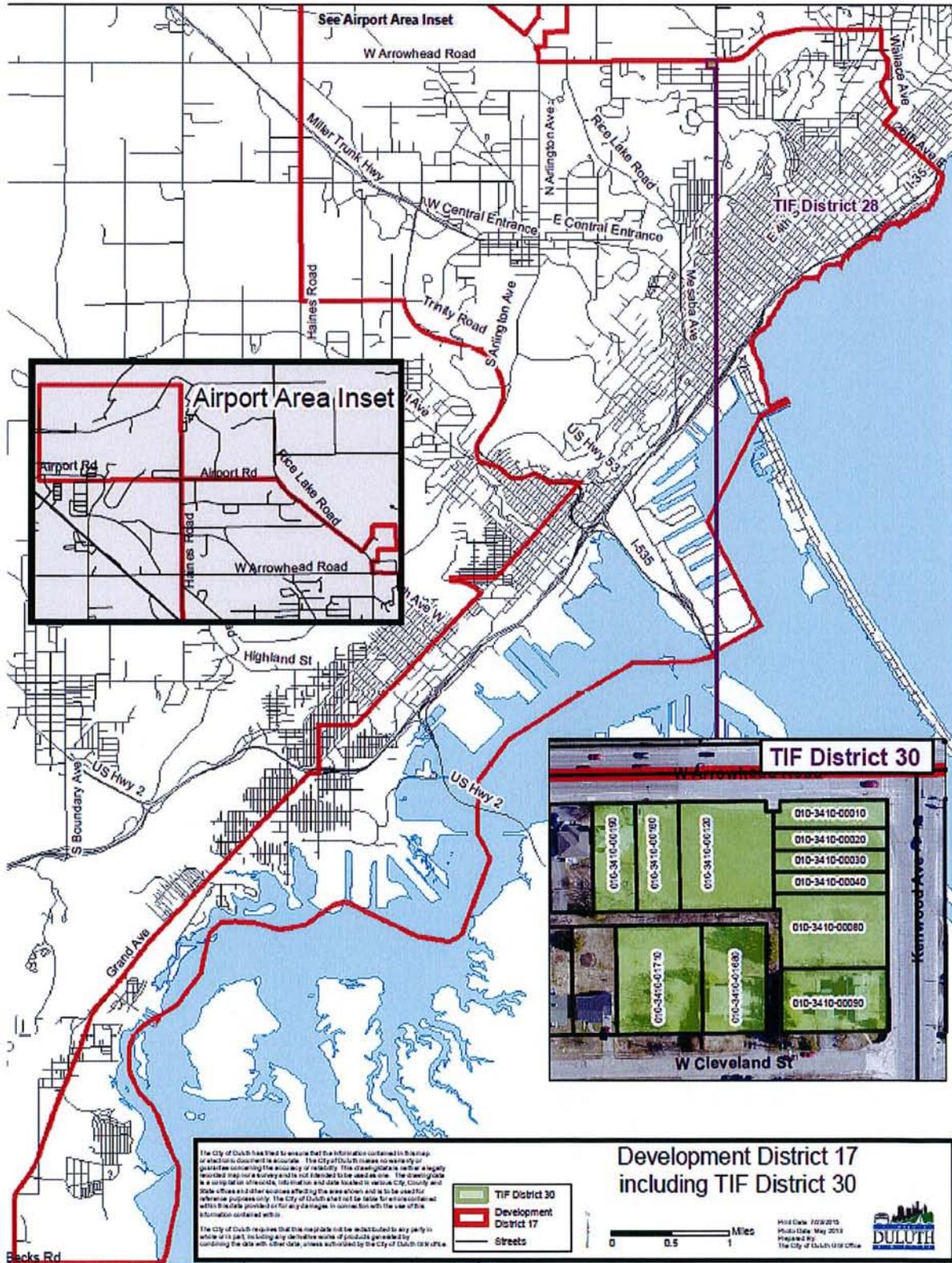
Dated: August 11, 2015

\_\_\_\_\_  
Chair

ATTEST:

\_\_\_\_\_  
Secretary

# MAP OF TAX INCREMENT FINANCING DISTRICT NO. 30



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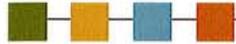
- TIF District 30
- Development District 17
- Streets

Development District 17  
including TIF District 30



Hold Date: 1/22/2015  
Print Date: May 2015  
Prepared by: The City of Duluth GIS Office





# Tax Increment Financing District Overview

## City of Duluth

### Tax Increment Financing District No. 30

The following summary contains an overview of the basic elements of the Tax Increment Financing Plan for Tax Increment Financing District No. 30. More detailed information on each of these topics can be found in the complete Tax Increment Financing Plan.

Proposed action:	Review the Modification to determine conformity with the general plans for the development and redevelopment of the City as described in the comprehensive plan for the City.	
Type of TIF District:	A redevelopment district	
Parcel Numbers:	010-3410-00010	010-3410-00020
	010-3410-00030	010-3410-00040
	010-3410-00080	010-3410-00090
	010-3410-00120	010-3410-00160
	010-3410-00190	010-3410-01710
	010-3410-01680	
Proposed Development:	The Duluth Economic Development Authority and the City of Duluth are creating the District to facilitate the construction of 83 market rate housing units and approximately 14,600 square feet of ground floor retail in the City.	
Maximum duration:	The duration of the District will be 25 years from the date of receipt of the first increment (26 years of increment). The date of receipt by the City of the first tax increment is expected to be 2017. It is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after December 31, 2042, or when the TIF Plan is satisfied.	
Estimated annual tax increment:	Up to \$181,865	

Authorized uses:	The TIF Plan contains a budget that authorizes the maximum amount that may be expended:  Land/Building Acquisition ..... \$500,000 Site Improvements/Preparation ..... \$1,000,000 Utilities ..... \$50,000 Other Qualifying Improvements ..... \$1,093,614 <u>Administrative Costs (up to 10%)</u> ..... <u>\$457,563</u> PROJECT COSTS TOTAL ..... \$3,101,177 <u>Interest</u> ..... <u>\$1,932,021</u> <b>PROJECT COSTS TOTAL</b> ..... <b>\$5,033,198</b>  See the TIF Plan for the full budget authorization.
Form of financing:	The project is proposed to be financed by a pay-as-you-go note.
Administrative fee:	Up to 10% of annual increment, if costs are justified.
Interfund Loan Requirement:	If the City wants to pay for administrative expenditures from a tax increment fund, it is recommended that a resolution authorizing a loan from another fund be passed <i>PRIOR</i> to the issuance of the check.
4 Year Activity Rule (§ 469.176 Subd. 6)	After four years from the date of certification of the District one of the following activities must have been commenced on each parcel in the District: <ul style="list-style-type: none"> <li>• Demolition</li> <li>• Rehabilitation</li> <li>• Renovation</li> <li>• Other site preparation (not including utility services such as sewer and water)</li> </ul> If the activity has not been started by approximately August 2019, no additional tax increment may be taken from that parcel until the commencement of a qualifying activity.
5 Year Rule (§ 469.1763 Subd. 3)	Within 5 years of certification revenues derived from tax increments must be expended or obligated to be expended.  Any obligations in the District made after approximately August 2020, will not be eligible for repayment from tax increments.