SPECIAL COUNCIL WORKSHOP MEETING
2022 HOUSING DISCUSSION
CITY OF CROSSLAKE
MONDAY, JULY 11, 2022
1:00 P.M. – CITY HALL

1. Call to Order

2. Introductions
    a. Michael Schoenecker - Bradburystamm

3. Discussion Materials
    a. Crosslake 36 Proforma
    b. Crosslake Financial Assumptions
    c. Development and Rental Costs (Granite City Management)
    d. Minnesota Housing Financing Agency – Income Limits and Max. Rents
    e. Housing – TIF

4. Housing Related Questions/Next Steps

5. Adjourn

3. a

CROSSLAKE 36

This is a cash flow financial analysis only.
Consult your Tax professional for depreciation schedules and Tax advice.

INPUT CELLS IN BLUE ONLY

GENERAL	
Purchase Price	$ 5,630,000
Cash Down Payment	$ 1,126,000
Loan Amount	$ 4,504,000
Loan to Value	80%
Loan Term (Years)	30
Loan Interest Rate	4.75%
Estimated Annual Property Value Appreciation %	3.00%
Term of Analysis (Years)	10
Vacancy Allowance	5.00%
Analysis to include Sale of Property End of Year 10	Yes

SUMMARY OUTPUTS	Year 1	Year 2	Avg all Years
Annual Net Operating Income (NOI) $	$ 229,905	$ 298,962	$ 370,944
Annual Net Operating Income (NOI) %	70.9%	69.3%	68.1%
Annual Net Income (NI) $	$ 17,465	$ 17,022	$ 95,954
Annual Net Income (NI) %	5.4%	3.9%	17.6%
Cap Rate	4.1%	5.3%	6.6%
Cash on Cash % Return	1.6%	1.5%	8.5%
Debt Coverage Ratio	1.1	1.1	1.3
Occupancy Break Even	96%	97%	79%
Payback Year of Cash Down	n/a		

	Cash Down	Purchase Price
IRR NOI	26.8%	-6.5%
IRR NOI - Debt Service (= Net Income (NI))	0.0%	0.0%
IRR NI + Sale Gain + Loan Equity	0.0%	0.0%

Sale Year	10
Property value at sale date	$ 7,345,873
Gain: Sale vs Purchase Price	$ 1,715,873
Loan equity at sale date	$ 798,762
Total Cash received from sale	$ 3,640,635

Occpancy	60%	80%	95%	95%	95%	95%	95%	95%	95%	95%
REVENUE										
Rents	$ 321,480	$ 428,544	$ 551,750	$ 568,303	$ 585,352	$ 602,913	$ 621,000	$ 639,630	$ 658,819	$ 678,583
Miscellaneous Income	$3,000	$3,090	$3,183	$3,278	$3,377	$3,478	$3,582	$3,690	$3,800	$3,914
	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total	$324,480	$431,634	$554,933	$571,581	$588,729	$606,390	$624,582	$643,320	$662,619	$682,498
EXPENSES										
Property Taxes	$5,000	$23,000	$46,640	$48,039	$49,480	$50,965	$52,494	$54,069	$55,691	$57,361
	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Misc. Expenses & Supplies	$3,000	$3,000	$3,090	$3,183	$3,278	$3,377	$3,478	$3,582	$3,690	$3,800
	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Utilities	$30,000	$40,000	$41,200	$42,436	$43,709	$45,020	$46,371	$47,762	$49,195	$50,671
Bldg Maintenance	$10,000	$15,000	$20,000	$20,600	$21,218	$21,855	$22,510	$23,185	$23,881	$24,597
Advertising	$10,000	$5,000	$5,150	$5,305	$5,464	$5,628	$5,796	$5,970	$6,149	$6,334
	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Credit/Criminal Checks	$3,000	$2,000	$2,060	$2,122	$2,185	$2,251	$2,319	$2,388	$2,460	$2,534
Insurance	$15,000	$20,000	$20,600	$21,218	$21,855	$22,510	$23,185	$23,881	$24,597	$25,335
Legal/Accounting/Banking	$3,000	$3,090	$3,183	$3,278	$3,377	$3,478	$3,582	$3,690	$3,800	$3,914
Management Fee	$15,575	$21,582	$27,747	$28,579	$29,436	$30,320	$31,229	$32,166	$33,131	$34,125
	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

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ANALYSIS ONLY (input all information on previous tab 'inputs')

		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
REVENUE											
Base Rents		$ 321,480	$ 428,544	$ 551,750	$ 568,303	$ 585,352	$ 602,913	$ 621,000	$ 639,630	$ 658,819	$ 678,583
Miscellaneous Income		$ 3,000	$ 3,090	$ 3,183	$ 3,278	$ 3,377	$ 3,478	$ 3,582	$ 3,690	$ 3,800	$ 3,914
		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Gross Revenue		$ 324,480	$ 431,634	$ 554,933	$ 571,581	$ 588,729	$ 606,390	$ 624,582	$ 643,320	$ 662,619	$ 682,498
Less: Vacancy Allowance	5.0%			$ 27,588	$ 28,415	$ 29,268	$ 30,146	$ 31,050	$ 31,981	$ 32,941	$ 33,929
Net Revenue		$ 324,480	$ 431,634	$ 527,346	$ 543,166	$ 559,461	$ 576,245	$ 593,532	$ 611,338	$ 629,678	$ 648,569
EXPENSES	% of Net Revenue										
Property Taxes	8.1%	$ 5,000	$ 23,000	$ 46,640	$ 48,039	$ 49,480	$ 50,965	$ 52,494	$ 54,069	$ 55,691	$ 57,361
Other Expense	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Expense	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Expense	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Misc. Expenses & Supplies	0.6%	$ 3,000	$ 3,000	$ 3,090	$ 3,183	$ 3,278	$ 3,377	$ 3,478	$ 3,582	$ 3,690	$ 3,800
Other Expense	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Utilities	8.0%	$ 30,000	$ 40,000	$ 41,200	$ 42,436	$ 43,709	$ 45,020	$ 46,371	$ 47,762	$ 49,195	$ 50,671
Bldg Maintenance	3.7%	$ 10,000	$ 15,000	$ 20,000	$ 20,600	$ 21,218	$ 21,855	$ 22,510	$ 23,185	$ 23,881	$ 24,597
Advertising	1.1%	$ 10,000	$ 5,000	$ 5,150	$ 5,305	$ 5,464	$ 5,628	$ 5,796	$ 5,970	$ 6,149	$ 6,334
Other Expense	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Credit/Criminal Checks	0.4%	$ 3,000	$ 2,000	$ 2,060	$ 2,122	$ 2,185	$ 2,251	$ 2,319	$ 2,388	$ 2,460	$ 2,534
Insurance	4.0%	$ 15,000	$ 20,000	$ 20,600	$ 21,218	$ 21,855	$ 22,510	$ 23,185	$ 23,881	$ 24,597	$ 25,335
Legal/Accounting/Banking	0.6%	$ 3,000	$ 3,090	$ 3,183	$ 3,278	$ 3,377	$ 3,478	$ 3,582	$ 3,690	$ 3,800	$ 3,914
Management Fee	5.2%	$ 15,575	$ 21,582	$ 27,747	$ 28,579	$ 29,436	$ 30,320	$ 31,229	$ 32,166	$ 33,131	$ 34,125
Other Expense	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Expense	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Expense	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Expense	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Expense	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Expense	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Expense	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Expense	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Expense	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Expense	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Expense	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Expense	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Expense	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Expense	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Expense	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Expense	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Operating Expense	31.9%	$ 94,575	$ 132,672	$ 169,669	$ 174,759	$ 180,002	$ 185,402	$ 190,964	$ 196,693	$ 202,594	$ 208,672
Net Operating Income (NOI)		$ 229,905	$ 298,962	$ 357,676	$ 368,407	$ 379,459	$ 390,842	$ 402,568	$ 414,645	$ 427,084	$ 439,897
Net Operating Income (NOI) %	68.1%	70.9%	69.3%	67.8%	67.8%	67.8%	67.8%	67.8%	67.8%	67.8%	67.8%
Cap Rate	6.6%	4.1%	5.3%	6.4%	6.5%	6.7%	6.9%	7.2%	7.4%	7.6%	7.8%

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Loan Payment											
Interest Expense		$212,440	$ 212,440	$ 209,066	$ 205,528	$ 201,818	$ 197,929	$ 193,850	$ 189,573	$ 185,089	$ 180,387
Principle Repaid			$	$ 69,500	$ 72,874	$ 76,412	$ 80,122	$ 84,011	$ 88,090	$ 92,367	$ 96,851
Total Loan		$ 212,440	$ 281,940	$ 281,940	$ 281,940	$ 281,940	$ 281,940	$ 281,940	$ 281,940	$ 281,940	$ 281,940
Net Cash Flow		$ 17,465	$ 17,022	$ 75,736	$ 86,467	$ 97,519	$ 108,903	$ 120,628	$ 132,705	$ 145,144	$ 157,957
Net Cash Flow %	17.6%	5.4%	3.9%	14.4%	15.9%	17.4%	18.9%	20.3%	21.7%	23.1%	24.4%
Annual Building Depreciation		$277,288	$277,288	$277,288	$277,288	$277,288	$277,288	$277,288	$277,288	$277,288	$277,288
FF&E Deprecitation		$20,000	$20,000	$20,000	$20,000	$20,000	$10,000	$10,000			
Total Depreciation		$297,288	$297,288	$297,288	$297,288	$297,288	$287,288	$287,288	$277,288	$277,288	$277,288
Net Income Including Depreciation		-$279,823	-$210,766	-$148,678	-$134,409	-$119,648	-$94,374	-$78,570	-$52,217	-$35,293	-$17,779
Net Income % Including Depreciation		-86.2%	-48.8%	-28.2%	-24.7%	-21.4%	-16.4%	-13.2%	-8.5%	-5.6%	-2.7%
Cash on Cash %	8.5%	1.6%	1.5%	6.7%	7.7%	8.7%	9.7%	10.7%	11.8%	12.9%	14.0%
Debt Coverage Ratio	1.3	1.1	1.1	1.3	1.3	1.3	1.4	1.4	1.5	1.5	1.6
Occupancy Break Even	79%	96%	97%	82%	80%	79%	78%	76%	75%	74%	72%

FINANCIAL METRICS	
IRR NOI (cash down)	26.8%
IRR NOI (purchase price)	-6.5%
Payback Year of Cash Down Pmt	n/a

Loan Equity										
Principle Balance Beginning of Year	$ 4,504,000	$ 4,504,000	$ 4,431,126	$ 4,354,714	$ 4,274,592	$ 4,190,581	$ 4,102,491	$ 4,010,124	$ 3,913,273	$ 3,811,721
Principle Paid	$ -	$ 72,874	$ 76,412	$ 80,122	$ 84,011	$ 88,090	$ 92,367	$ 96,851	$ 101,553	$ 106,483
Principle Balance End of Year	$ 4,504,000	$ 4,431,126	$ 4,354,714	$ 4,274,592	$ 4,190,581	$ 4,102,491	$ 4,010,124	$ 3,913,273	$ 3,811,721	$ 3,705,238
Loan Equity	$ -	$ 72,874	$ 149,286	$ 229,408	$ 313,419	$ 401,509	$ 493,876	$ 590,727	$ 692,279	$ 798,762

Property Value										
Property Value - Base on Annual Apprecitiaon % input	$ 5,630,000	$ 5,798,900	$ 5,972,867	$ 6,152,053	$ 6,336,615	$ 6,526,713	$ 6,722,514	$ 6,924,190	$ 7,131,916	$ 7,345,873

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INPUT CELLS IN BLUE

Annual Rent Increase	3.00%

Monthly Rent Schedule - $/Month Rent Charged by Unit

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
A. 1 bed (4 @ $950)	$3,800.00	$3,800.00	$3,914.00	$4,031.42	$4,152.36	$4,276.93	$4,405.24	$4,537.40	$4,673.52	$4,813.73
B. 1 bed den (4 @ $1050)	$4,200.00	$4,200.00	$4,326.00	$4,455.78	$4,589.45	$4,727.14	$4,868.95	$5,015.02	$5,165.47	$5,320.43
C. 2 bed regular (10 @ $1250)	$12,500.00	$12,500.00	$12,875.00	$13,261.25	$13,659.09	$14,068.86	$14,490.93	$14,925.65	$15,373.42	$15,834.63
D. 2 bed large (12 @ $1390)	$16,680.00	$16,680.00	$17,180.40	$17,695.81	$18,226.69	$18,773.49	$19,336.69	$19,916.79	$20,514.30	$21,129.72
E. 3 bed (4 @ $1,490)	$5,960.00	$5,960.00	$6,138.80	$6,322.96	$6,512.65	$6,708.03	$6,909.27	$7,116.55	$7,330.05	$7,549.95
Garages (20 @ $75)	$1,500.00	$1,500.00	$1,545.00	$1,591.35	$1,639.09	$1,688.26	$1,738.91	$1,791.08	$1,844.81	$1,900.16
Unit Name	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Unit Name	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Unit Name	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Unit Name	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Unit Name	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Unit Name	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Unit Name	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Unit Name	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Unit Name	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Unit Name	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Unit Name	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Unit Name	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Unit Name	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Unit Name	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Unit Name	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Unit Name	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Unit Name	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Unit Name	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Unit Name	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Unit Name	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Unit Name	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Unit Name	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Unit Name	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Unit Name	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Unit Name	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Unit Name	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Unit Name	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Unit Name	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Unit Name	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Unit Name	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Unit Name	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Unit Name	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Unit Name	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
TOTAL MONTHLY RENTS	$44,640.00	$44,640.00	$45,979.20	$47,358.58	$48,779.33	$50,242.71	$51,749.99	$53,302.49	$54,901.57	$56,548.62

3. b.

Crosslake Financial Assumptions (5/16/22)
36 Units

Sources

Equity -	$ 1,126,000
Loan -	$ 4,504,000
Total -	**$5,630,000**

Uses

Land -	$ 250,000
Building -	$ 4,830,000
FF&E -	$ 25,000
Developer Fee -	$ 50,000
Construction Loan Interest -	$ 100,000
Working Capital/Capitalized Interest -	$ 100,000
Marketing -	$ 20,000
Financing and Appraisal Charges -	$ 30,000
Legal and Accounting -	$ 25,000
Architect and Engineering –	$ 100,000
City Development Fees -	$ 0
Miscellaneous and Project Contingency -	$ 100,000
Total -	**$5,630,000**

Financial Assumptions in Proforma

42,000 sf @ $115 sf (includes cost for 20 garages)

Apartment (36) pay electricity
Building costs include private well and generator
All rents remain fixed for two years then increase 3% per year as do projected expenses
City fees based on Sac, Sanitary, Park Fees and Building Permit (need waived)
Apartment occupancy 60% year 1; 80% year 2
Taxes based on $4.8 million - $36,000

3. C.

Notes from Andy Martin at Granite City Management:

More basic construction

1. Minimal common space, but some.
2. Pitched roof
3. Slab on grade garages (no tuck under or underground)
4. Boiler heat with thru wall A/C
5. All in development cost including land, design fees, construction, permitting, etc. - $185,000/ unit.
    a. Typically land cost figured around $6,000 to $7,000 per unit.
6. Management fee would be 5% if smaller building. 4% if 100 units or more.
7. High level operating costs all in. 1st year $3,500 to $3,800/year per unit. After lease-up so 2nd year goes up to around $5,000/unit/year.

Higher level construction

1. Flat roof and more exterior upgrades.
2. Tuck Under or underground parking.
3. All in development cost including land, design fees, construction, permitting, etc. - $210,000 to $230,000/ unit, depending on features.

Rent Structure – Income required to rent based on rent requiring 35% of income.

(Minimum wage is now $15/hr.)

	Proposed rent	Income Required	Combined Household Hourly Wage
1-bed	$950 ($938) ($1,094)	$32,570	$15.65/hr
1-bed/den	$1,050 ($1,032) ($1,203)	$36,000	$17.30/hr
2-bed small	$1,250 ($1,125) ($1,312)	$42,857	$20.65/hr
2-bed large	$1,390 ($1,125) ($1,312)	$47,657	$22.91/hr
3-bed	$1,490 ($1,299) (1,516)	$51,086	$24.56/hr

Note: The first rent in parentheses is the HUD Gross Rent by bedroom at the 60% income level, the second rent in parentheses is the HUD Gross Rent by bedroom at the 70% income level. See attached sheet.

County: Cottonwood

Effective Date: 04/18/2022

---------- Income Limits By Household Size ----------

	1	2	3	4	5	6	7	8
20%	11,680	13,340	15,000	16,660	18,000	19,340	20,660	22,000
30%	17,520	20,010	22,500	24,990	27,000	29,010	30,990	33,000
40%	23,360	26,680	30,000	33,320	36,000	38,680	41,320	44,000
50%	29,200	33,350	37,500	41,650	45,000	48,350	51,650	55,000
60%	35,040	40,020	45,000	49,980	54,000	58,020	61,980	66,000
70%	40,880	46,690	52,500	58,310	63,000	67,690	72,310	77,000
80%	46,720	53,360	60,000	66,640	72,000	77,360	82,640	88,000

---- Maximum Gross Rents By Bedroom Size(Post 1989) ----

	0	1	2	3	4	5	6
20%	292	312	375	433	483	533	583
30%	438	469	562	649	725	799	874
40%	584	625	750	866	967	1,066	1,166
50%	730	781	937	1,083	1,208	1,333	1,457
60%	876	938	1,125	1,299	1,450	1,599	1,749
70%	1,022	1,094	1,312	1,516	1,692	1,866	2,040
80%	1,168	1,251	1,500	1,733	1,934	2,133	2,332

County: Crow Wing

Effective Date: 04/18/2022

---------- Income Limits By Household Size ----------

	1	2	3	4	5	6	7	8
20%	11,680	13,340	15,000	16,660	18,000	19,340	20,660	22,000
30%	17,520	20,010	22,500	24,990	27,000	29,010	30,990	33,000
40%	23,360	26,680	30,000	33,320	36,000	38,680	41,320	44,000
50%	29,200	33,350	37,500	41,650	45,000	48,350	51,650	55,000
60%	35,040	40,020	45,000	49,980	54,000	58,020	61,980	66,000
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80%	1,168	1,251	1,500	1,733	1,934	2,133	2,332

Housing TIF

What income limit does the TIF act specify?

Separate income limits are established for rental and owner-occupied developments.

Rental developments must meet one of two tests:

1. **20-50 test**: 20 percent of the units are occupied by individuals whose incomes are 50 percent or less of the area median income.
2. **40-60 test**: 40 percent of the units are occupied by individuals whose incomes are 60 percent or less of the area median income.

Economic Development

Subd. 4c.**Economic development districts.**

(a) Revenue derived from tax increment from an economic development district may not be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities, if more than 15 percent of the buildings and facilities (determined on the basis of square footage) are used for a purpose other than:

(1) the manufacturing or production of tangible personal property, including processing resulting in the change in condition of the property;

(2) warehousing, storage, and distribution of tangible personal property, excluding retail sales;

(3) research and development related to the activities listed in clause (1) or (2);

(4) telemarketing if that activity is the exclusive use of the property;

(5) tourism facilities;

(6) space necessary for and related to the activities listed in clauses (1) to (5); or

(7) a workforce housing project that satisfies the requirements of paragraph (d).

(b) Notwithstanding the provisions of this subdivision, revenues derived from tax increment from an economic development district may be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form for up to 15,000 square feet of any separately owned commercial facility located within the municipal jurisdiction of a small city, if the revenues derived from increments are spent only to assist the facility directly or for administrative expenses, the assistance is necessary to develop the facility, and all of the increments, except those for administrative expenses, are spent only for activities within the district.

(c) A city is a small city for purposes of this subdivision if the city was a small city in the year in which the request for certification was made and applies for the rest of the duration of the district, regardless of whether the city qualifies or ceases to qualify as a small city.

(d) A project qualifies as a workforce housing project under this subdivision if:

(1) increments from the district are used exclusively to assist in the acquisition of property; construction of improvements; and provision of loans or subsidies, grants, interest rate subsidies, public infrastructure, and related financing costs for rental housing developments in the municipality;

(2) the governing body of the municipality made the findings for the project required by section 469.175, subdivision 3, paragraph (f); and

(3) the governing bodies of the county and the school district, following receipt, review, and discussion of the materials required by section 469.175, subdivision 2, for the tax increment financing district, have each approved the tax increment financing plan, by resolution.

Subd. 4d.**Housing districts.**

Revenue derived from tax increment from a housing district must be used solely to finance the cost of housing projects as defined in sections 469.174, subdivision 11, and 469.1761. The cost of public improvements directly related to the housing projects and the allocated administrative expenses of the authority may be included in the cost of a housing project.

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Subd. 4e.**Hazardous substance subdistricts.**

The additional tax increment received by the municipality from a hazardous substance subdistrict as a result of a reduction in original net tax capacity pursuant to section 469.174, subdivision 7, paragraph (b), or as a result of the extension of the period for collection of tax increment from a hazardous substance site or subdistrict provided for in subdivision 1, paragraph (g), may be used only to pay or reimburse the costs of: (1) removal actions or remedial actions with respect to hazardous substances or pollutants or contaminants or petroleum releases affecting or which may affect the designated hazardous substance site; (2) pollution testing, demolition, and soil compaction correction necessitated by the development response action plan for the designated hazardous substance site; (3) purchase of environmental insurance or deposits to a guaranty fund, relating only to liability or response costs for land in the subdistrict; and (4) related administrative and legal costs, including costs of review and approval of development response action plans by the Pollution Control Agency and litigation expenses of the attorney general.