

RESOLUTION NO. 68-20
A RESOLUTION APPROVING DEVELOPMENT DISTRICT NO. 14

WHEREAS, it is desirable and in the public interest that the City of Owatonna (the "City") carry out a development program, pursuant to Sections 469.124 to 469.133 of Minnesota Statutes encompassing the area which is more particularly described in Exhibit A attached hereto and made a part hereof, (herein "Development District No. 14"); and

WHEREAS, the City has reviewed "Development District No. 14 Plan, dated May 19, 2020" (the "Plan"), which sets forth a development program for Development District No. 14; and

WHEREAS, the City's Planning Commission has been consulted with concerning the establishment of Development District No. 14; and

WHEREAS, the City Council has received and considered the comments of the City's Planning Commission relating to the Plan; and

WHEREAS, the City Council on May 19, 2020, after having published a notice of public hearing in the official newspaper of the City, conducted a public hearing on the Plan and received public comments on the same.

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

1. The City finds and determines there is a need for the Project activities in Development District No. 14.
2. The City finds and determines that Development District No. 14 is an area "already built up" within the meaning of Section 469.124 of Minnesota Statutes for the following reasons:
 - A. The vicinity of Development District No. 14 is urban. Existing land uses in the vicinity include residential, office/service and retail properties. Zoning in the vicinity corresponds to the land use pattern.
 - B. City sanitary sewer, storm sewer and water lines service Development District No. 14.
 - C. Existing City streets service Development District No. 14.
 - D. The City's comprehensive plan designates Development District No. 14 appropriate for apartment development.
3. The City finds and determines that the development program set forth in the Plan will carry out the objectives of Development District No. 14 by assisting in the redevelopment of rental apartment property; thus, accomplishing the goals of preventing blight, adding housing, enhancing the tax base of the municipality, and improving the general economy of the area.
4. The City finds and determines that the development program as set forth in the Plan, having been duly reviewed and considered, is hereby approved, and the area described in Exhibit A hereto is designated as a development district pursuant to Section 469.126, Subdivision 1, of Minnesota Statutes.
5. The City finds and determines that revenues generated through Tax Increment Financing District No. 14-1 will be used to finance activities relating to Development District No. 14.
6. The City Council designates the City Administrator to act as administrator of Development District No. 14.
7. The City states the environmental controls to be applied in connection with the execution of the development program shall consist of the applicable ordinances of this City, and the applicable provisions of Minnesota Statutes.
8. The City Clerk is hereby directed to file a copy of this resolution with a copy of the Plan with the Minnesota Department of Revenue and Office of the State Auditor.

Passed and adopted this __ day of _____, 2020, with the following vote:

Aye __; No __; Absent __.

Approved and signed this __ day of _____, 2020.

Thomas A. Kuntz, Mayor

ATTEST:

Kris M. Busse, City Administrator/City Clerk

EXHIBIT "A"

**TO RESOLUTION 68-20 OF THE CITY COUNCIL OF THE CITY OF OWATONNA
APPROVING DEVELOPMENT DISTRICT NO. 14**

Development District No. 14 encompasses the following parcels containing approximately 1.36-acres.

Parcel #	Address
17-122-0501	403 Cherry St. NE
17-122-0502	409 Cherry St. NE
The West 30 feet of 17-122-0513	Pine Ave. N
17-122-0514	301 Cherry St. NE
17-010-4211	231 Mineral Spring Rd. NE
17-010-4212	231 Mineral Spring Rd. NE

**DEVELOPMENT DISTRICT NO. 14
(Eastgate Housing Redevelopment Project)**

Adopted: May 19, 2020



DEVELOPMENT DISTRICT NO. 14
(Eastgate Housing Redevelopment Project)

CITY OF OWATONNA, MINNESOTA

May 19, 2020

PREPARED BY

Ed Tschida, Development Consultant
201 N. Front St. Suite 310
Mankato, Minnesota 56001-3569

TABLE OF CONTENTS

	Page
INTRODUCTION	1
BACKGROUND	1
MAP OF DEVELOPMENT DISTRICT AND TAX INCREMENT FINANCING DISTRICT	1
DEFINITIONS	1
PURPOSE OF DEVELOPMENT DISTRICT	2
SUMMARY	2
 DEVELOPMENT DISTRICT NO. 14: DEVELOPMENT PROGRAM	 3
BASIS FOR PROPOSING PROJECT	3
PROJECT ELIGIBILITY	3
CITY POWERS WITHIN THE DEVELOPMENT DISTRICT	3
DEVELOPMENT DISTRICT BOUNDARY	4
DEVELOPMENT PROPOSAL	4
DEVELOPMENT DISTRICT OBJECTIVES	4
PROJECT ACTIVITIES	5
CONFORMANCE WITH PLAN FOR THE CITY	6
PROCEDURE FOR MODIFYING AN APPROVED DEVELOPMENT DISTRICT	6
OPEN SPACE TO BE CREATED	6
PROPOSED REUSE OF PROPERTY	6
ENVIRONMENTAL CONTROLS	6
MAINTENANCE AND OPERATION OF PUBLIC IMPROVEMENTS AND ADMINISTRATION OF THE DEVELOPMENT DISTRICT	6
REQUIRED DOCUMENTS	7
DEVELOPER'S OBLIGATIONS	7
PROJECT FINANCING	7

INTRODUCTION

BACKGROUND

The City of Owatonna proposes creating a development district and a tax increment financing district, which facilitates redevelopment of private property with a 36-unit, rental apartment project. The location of Development District No. 14 and Tax Increment Financing District No. 14-1 appear below.



DEFINITIONS

The following capitalized terms used and not otherwise defined herein shall have the following meanings:

“City” means the City of Owatonna, a political subdivision of the State of Minnesota.

“Development” means the parcels of property upon which identified activities will occur as described in this Plan.

“Development District” means an area within the corporate limits of the City, which has been so designated and separately numbered by the governing body.

“Development Program” means the statement of objectives of the City for improvement of Development District No. 14 which contains a statement as to the public facilities to be constructed within the District, the open space to be created, the environmental controls to be applied, the proposed reuse of private

property, and the proposed operations of the District after the capital improvements within the District have been completed.

“Plan” means the Owatonna Development District No. 14 Plan prepared pursuant to the provisions of Minnesota Statutes, Chapter 469, which provides an outline for the development or redevelopment of the area and is sufficiently complete (1) to indicate its relationship to definite local objectives as to appropriate land uses; and (2) to indicate general land uses and general standards of development.

“Tax Increment Financing District No. 14-1” means a contiguous geographic area within Development District No. 14 delineated in the tax increment financing plan, as provided by Minnesota Statutes, Section 469.175, Subdivision 1, for the purpose of financing redevelopment in the City through the use of tax increment generated from the captured net tax capacity in the tax increment financing district.

PURPOSE OF DEVELOPMENT DISTRICT

Development District No. 14 is established pursuant to Minnesota Statutes, Sections, 469.124 to 469.133, in order to give the City authority to carry out redevelopment activities that promote and maintain the health, safety and welfare of the citizens and aid in the development of a 36-unit, rental apartment project, thus increasing housing opportunities, redeveloping substandard property and preserving and enhancing the local tax base.

Establishment of Development District No. 14 provides the City the opportunity to finance Development District improvements by means of tax increment financing, assessments or other financing sources. Prior to commitment of any City financial assistance for Development District activities, the City will require evidence of the need, as well, as a sound financial plan showing economic feasibility.

SUMMARY

Adoption of this Plan improves the quality of life in the community by redeveloping substandard, private property, enhancing the local tax base and providing additional rental, housing opportunities.

DEVELOPMENT DISTRICT NO. 14: DEVELOPMENT PROGRAM

BASIS FOR PROPOSING PROJECT

Owatonna's planning process has identified needs and opportunities within the Development District for property redevelopment. Establishment of the Development District meets community needs that have been identified through a detailed planning process including recommendations of City staff, City Planning Commission and Economic Development Authority.

PROJECT ELIGIBILITY

The Development District Act, Minnesota Statutes, Section 469.124 to 469.133, requires that areas proposed for development district designation must be found to be located in areas of the community that are “already built up”. For the following reasons, the proposed Development District qualifies:

1. The vicinity of the Development District is urban. Existing land uses in the vicinity include residential, office/service and retail properties. Zoning in the vicinity corresponds to the land use pattern.
2. City sanitary sewer, storm sewer and water lines service the Development District.
3. Existing City streets service the Development District.
4. The City's comprehensive plan designates the Development District appropriate for apartment development.

CITY POWERS WITHIN THE DEVELOPMENT DISTRICT

Within the Development District, the City may:

1. Adopt a Development Program consistent with which the City may acquire, construct, reconstruct, improve, alter, extend, operate, maintain, or promote developments aimed at improving the physical facilities, quality of life, and quality of transportation;
2. Acquire land or easements through negotiation or through powers of eminent domain;
3. Acquire property for the Development District; and
4. Negotiate the sale or lease of property for private development if the development is consistent with the Development Program for this Development District.

Activities proposed within this Development District assist development of a 36-unit rental apartment project; thus, accomplishing the goals of increasing rental housing opportunities, redeveloping substandard properties and preserving and enhancing the local tax base.

DEVELOPMENT DISTRICT BOUNDARY

The map on page 1 outlines the boundaries of Development District No. 14. The Development District encompasses (parcel numbers 17-122-0501, 17-122-0502, the West 30 feet of 17-122-0513, 17-122-0514, 17-010-4211 and 17-010-4212).

DEVELOPMENT PROPOSAL

The Development District is established to assist private development in its efforts to construct a 36-unit rental apartment project. A combination of public and private financing consisting of pay-as-you-go tax increment financing assistance, developer equity and lender debt will fund property redevelopment. The project is located on an approximate 1.36-acre site. The development site consists of four parcels that are zoned B-2 Community Business District, which permits multifamily housing, and two parcels that are zoned R-1 Single-Family and requires rezoning to B-2. Tax increment generated by property redevelopment may be used to finance the cost of correcting conditions that allow designation of a redevelopment tax increment financing district under Minnesota Statutes, Section 469.174 and the allocated administrative expenses of the City. Financing of specific activities using tax increment revenues will occur following project review and City approval.

DEVELOPMENT DISTRICT OBJECTIVES

The City determines that it is necessary, desirable and in the public interest to establish, designate, redevelop and administer the Development District in the City pursuant to the provisions of Minnesota Statutes, Sections 469.124 to 469.133. Undertaking of the development activities and the construction of certain public and private improvements in the Development District is unlikely without public involvement; therefore, public participation is necessary for redevelopment to occur within the Development District. The City further determines that the entire cost of a Development District, including administrative expenses of the City may be undertaken through tax increment financing, as well as, other appropriate sources. Any public or private activity when funded by the City shall demonstrate the need for such financing and how said financing is going to be repaid if it is a loan. In the case of a grant or tax increment financing, the benefits to the community, such as provision of affordable housing, increased tax base or removal of blighting conditions, shall be demonstrated.

The City seeks to achieve the following objectives through this Plan:

1. Promote and secure the prompt development of property in the Development District in a manner consistent with the City's zoning ordinance, with the City's planning commission, and with minimal adverse impact on the environment.
2. Promote and secure additional housing within the City for residents of the City and the surrounding area thereby improving living standards and protecting the health, safety and welfare of community residents.

3. Secure the increase of property subject to taxation by the City, Independent School District No. 761, Steele County and any other taxing jurisdictions to enable better these entities to pay for required public improvements and governmental services and programs.
4. Provide funds for the payment of the public development cost of the Development District.
5. Provide maximum opportunity, consistent with the needs of the City, for development by private enterprise.
6. Establish an orderly transition between the Development District and surrounding areas.
7. Create effective buffers, screens, and/or transitions between residential and non-residential uses to minimize the potential blighting effects of divergent land uses.
8. Achieve a high level of design and landscaping quality to enhance the physical environment.

PROJECT ACTIVITIES

The City envisions the development of the Development District in accordance with the Comprehensive Plan for the City, the zoning and subdivision ordinances, this Plan and such development proposals as may be submitted, provided individual proposals conform to the above plans and regulations.

Minnesota Statutes, Section 469.124 to 469.133, authorizes the City a broad array of powers to undertake a Development District. The City will perform all Development District activities pursuant to the statute and in doing so anticipates that the following activities may be undertaken:

1. Acquisition. The City may acquire property for the development of public projects or public improvements. The City may acquire property for the development of private projects. Land acquisition will be completed within the requirements of the Uniform Acquisition and Relocation Act.
2. Site preparation. Properties acquired by the City may be prepared for development, which may include street, curb, gutter, bituminous, flood prevention improvements, subsoil correction, and the establishment of greenways, walkways, and common access corridors.
3. Incentives for private development. The City may provide financial incentives for the development and/or expansion of developments.
4. Public improvements. The City may construct public facilities such as streets, traffic signals, sanitary sewer, storm drainage improvements, including the separation of storm and sanitary sewers, waterlines, parking and such other facilities, as it deems necessary and desirable for the implementation of the Development District.

5. Maintenance. Maintenance of improvements undertaken by the City may include the improvement of public lighting, streetscaping, parking, signs, traffic control devices, and pedestrian improvements.

CONFORMANCE WITH PLAN FOR THE CITY

The City believes that the establishment and implementation of Development District No. 14 meets the intent of City plans, policies and ordinances by maintaining the quality of existing development, and improving the quality of life through orderly planned improvements. Financing for development activities may be made available through tax increment revenues generated within Tax Increment District No. 14-1. The proposed activities and expenditures of funds conform to allowable activities delineated and approved for the tax increment district.

PROCEDURE FOR MAKING MODIFICATIONS IN AN APPROVED DEVELOPMENT DISTRICT

The Development District Plan may be modified, and adopted by the governing body of the City of Owatonna, Minnesota, pursuant to the applicable provisions of Minnesota Statutes, Sections 469.124 to 469.133, inclusive.

OPEN SPACE TO BE CREATED

The Development District activities in the Development District will not result in the creation of open space.

PROPOSED REUSE OF PROPERTY

Currently, property within the Development District is privately owned. Upon approval of this Plan and related development documents, the property will be redeveloped with a 36-unit rental, apartment project.

ENVIRONMENTAL CONTROLS

The environmental controls to be applied in connection with the execution of the Development Program shall consist of the applicable ordinances of the City, and the applicable provisions of Minnesota Statutes.

MAINTENANCE AND OPERATION OF PUBLIC IMPROVEMENTS AND ADMINISTRATION OF THE DEVELOPMENT DISTRICT

Upon completion of the Development District's activities, the public improvements shall be owned and maintained by the City.

Pursuant to Minnesota Statutes, Section 469.131, the City designates the City Administrator to administer the ongoing activities of the Development District.

REQUIRED DOCUMENTS

The City will review developers' proposals to determine conformance with this Plan and applicable rules, regulations laws, and ordinances. To facilitate this effort, the following documents shall be submitted for approval: site plan, construction, mechanical and electrical system drawings, landscaping plan, grading and storm drainage plans, utility network and site correction plans, lighting system plan, signage system plan, and any other drawings or narrative deemed necessary by the developer and/or City to demonstrate the conformance of the development with the design standards.

DEVELOPER'S OBLIGATIONS

Development of properties in the Development District will use the following general guidelines:

1. Development of the Development District in accordance with this Plan.
2. Commencement and completion of the buildings and improvements in the Development District within a reasonable period as determined by the City.
3. Not to discriminate based on race, color, sex, creed, or national origin on the lease or occupancy of the Development.
4. All public and private utility services such as water, sewer, gas, electric, and telephone, serving parcels of land under this Plan shall be placed underground except where physical conditions would prohibit such placement of utilities.

PROJECT FINANCING

Assisting a project the size and scope of the Development may require the City to use of tax increment financing. Minnesota Statutes, Chapter 469, authorizes tax increment financing for development activities when a project created pursuant to Chapter 469 exists. Development District financing will be important to the overall Development District success. It is the intent of the City to use tax increment financing to leverage private investment and to ensure that the Development is undertaken and subsequently operated in a successful manner.