

City of Delano, Minnesota

Written Spending Plan for use of increments From Tax Increment Financing Districts

for

**Tax Increment Financing (Redevelopment)
District (County No. 38)
(Hwy 12 Dev West Hardees)**

**Tax Increment Financing (Housing)
District (County No. 30)
(Honeytree)**

Dated: July 14, 2010 (DRAFT)

Approved:

Prepared by:

**SPRINGSTED INCORPORATED
380 Jackson Street, Suite 300
St. Paul, MN 55101-2887
(651) 223-3000
*WWW.SPRINGSTED.COM***

INTRODUCTION

Minnesota Statutes 2008, Section 469.176, was amended in 2010 to add the following subdivision

Subd. 4m. Temporary authority to stimulate construction.

(a) Notwithstanding the restrictions in any other subdivision of this section or any other law to the contrary, except the requirement to pay bonds to which the increments are pledged and the provisions of subdivisions 4g and 4h, the authority may spend tax increments for one or more of the following purposes:

(1) to provide improvements, loans, interest rate subsidies, or assistance in any form to private development consisting of the construction or substantial rehabilitation of buildings and ancillary facilities, if doing so will create or retain jobs in this state, including construction jobs, and that the construction commences before July 1, 2011, and would not have commenced before that date without the assistance; or

(2) to make an equity or similar investment in a corporation, partnership, or limited liability company that the authority determines is necessary to make construction of a development that meets the requirements of clause (1) financially feasible.

(b) The authority may undertake actions under the authority of this subdivision only after approval by the municipality of a written spending plan that specifically authorizes the authority to take the actions. The municipality shall approve the spending plan only after a public hearing after published notice in a newspaper of general circulation in the municipality at least once, not less than ten days nor more than 30 days prior to the date of the hearing.

(c) The authority to spend tax increments under this subdivision expires December 31, 2011.

The City of Delano is exercising the authority of the expanded provisions to use excess TIF revenues to stimulate construction of new private development within the City.

The City of Delano anticipates using available tax increment funds from two of its TIF Districts referred to as Tax Increment Financing (Housing) District No. 30 (Honeytree) and Tax Increment Financing (Redevelopment) District No. 38 (Hwy 12 Dev West Hardees) pursuant to the special law provisions under MN Statutes 469.176, subd. 4m. The City is exercising the expanded authority to stimulate construction of new residential and commercial development that otherwise would not happen prior to July 1, 2011 without the provided incentives. The City's established plan includes an incentive of \$5,000 for write-down of permitting fees to any new construction (residential or commercial) within the City. The City estimates approximately \$155,957 will be available to provide incentives between the time this plan was written and the expiration date of the statutory provision of December 31, 2011.

	TIF District No. 30 (Honeytree)	TIF District No. 30 (Hwy 12 Dev West Hardees)	Total
Cash balance as of 12/31/09	63,807	26,150	89,957
Estimated 2010 Available Increment	15,000	18,000	33,000
Estimated 2011 Available Increment	15,000	18,000	33,000
Total Estimated Available Funds	93,807	62,150	155,957