

TAX INCREMENTAL DISTRICT  
NUMBER 16,  
CITY OF SIOUX FALLS



TAX INCREMENTAL  
PROJECT PLAN

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## INTRODUCTION AND PURPOSE

The purpose of this Plan, to be implemented by the City of Sioux Falls is to satisfy the requirements for a Tax Incremental District Plan Number 16, City of Sioux Falls as specified in SDCL Chapter 11-9. There are 11 mandated requirements of the Plan, each to be addressed in this Plan. The principal purpose of the Plan is to define eligible property and to define a Tax Increment Plan for funding eligible activities blighted area of the City.

This Plan was prepared for adoption by the City Council in recognition that the renewal area requires a coordinated, cooperative strategy, with financing possibilities, to eliminate the blight and prevent the spread of blight, and accomplish the City's development objectives for improving the continued viability of the Sioux Falls core.

The driving interest in the establishment of this Plan is to offer tax increment financing as a tool to stimulate and leverage private sector development and redevelopment, to help eliminate statutory defined blight, to prevent the spread of such blight and to promote economic development throughout the district.

Development and redevelopment in the area is anticipated to occur in the near future, with the potential for tax increment financing to provide the impetus and means to undertake this redevelopment at a faster pace than might occur otherwise.

## GENERAL DEFINITIONS AS USED IN THIS PLAN

The following terms found in this Plan have the following meanings:

**"Base" or "Tax Incremental Base"** means the aggregate assessed value of all taxable property located within a Tax Incremental District on the date the district is created, as determined by SDCL § 11-9-20.

**"Blighted"** means property that meets any of the following criteria:

Any area, including slum area, in which the structures, buildings, or improvements, by reason of:

- (1) dilapidation, age, or obsolescence;
- (2) inadequate provisions for ventilation, light, air, sanitation, or open spaces;
- (3) high density of population and overcrowding;
- (4) the existence of conditions which endanger life or property by fire and other causes; or
- (5) any combination of such factors;

are conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime, and which is detrimental to the public health, safety, morals, or welfare, is a blighted area<sup>1</sup>; or

Any area which by reason of:

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<sup>1</sup> SDCL § 11-9-9

- (1) the presence of a substantial number of substandard, slum, deteriorated, or deteriorating structures;
- (2) predominance of defective or inadequate street layouts;
- (3) faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
- (4) unsanitary or unsafe conditions;
- (5) deterioration of site or other improvements;
- (6) diversity of ownership, tax, or special assessment delinquency exceeding the fair value of the land;
- (7) defective or unusual conditions of title;
- (8) the existence of conditions which endanger life or property by fire and other causes; or
- (9) any combination of such factors;

substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations, or constitutes an economic or social liability and is a menace to the public health, safety, morals, or welfare in its present condition and use, is a blighted area<sup>2</sup>; or

Any area which is predominantly open and which because of obsolete platting, diversity of ownership, deterioration of structures or of site improvements, or otherwise, substantially impairs or arrests the sound growth of a municipality, is a blighted area.<sup>3</sup>

**"City Council"** means the City Council of the City of Sioux Falls.

**"City of Sioux Falls"** means Sioux Falls, South Dakota, a home rule form of government.

**"Department of Revenue"** means the South Dakota Department of Revenue.

**"District"** means Tax Incremental District Number 16.

**"Economic Development"** means all powers expressly granted and reasonably inferred pursuant to SDCL §9-54.

**"Fiscal year"** means that fiscal year of the City of Sioux Falls.

**"Generally Applicable Taxes"** shall have the same meaning as set forth in 26 CFR § 1.141-4(e).

**"Governing body"** means the City Council.

**"Grant"** the transfer for a governmental purpose of money or property to a transferee that is not a related party to or an agent of the municipality;

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<sup>2</sup> SDCL § 11-9-10

<sup>3</sup> SDCL § 11-9-11.

**"Infrastructure Improvements"** means a street, road, sidewalk, parking facility, pedestrian mall, alley, bridge, sewer, sewage treatment plant, property designed to reduce, eliminate, or prevent the spread of identified soil or groundwater contamination, drainage system, waterway, waterline, water storage facility, rail line, utility line or pipeline, or other similar or related structure or improvement, together with necessary easements for the structure or improvement, for the benefit of or for the protection of the health, welfare, or safety of the public generally.

**"Municipality"** means any incorporated city in this state.

**"Planning Commission"** means the City of Sioux Falls Planning Commission.

**"Plan"** means this Project Plan.

**"Project Costs"** means any expenditure or monetary obligations by the City of Sioux Falls, whether made, estimated to be made, incurred or estimated to be incurred, which are listed as Project Costs herein will include any costs incidental thereto but diminished by any income, special assessments, or other revenues, other than tax increments, received, or reasonably expected to be received, by the City of Sioux Falls in connection with the implementation of this Plan.

**"Project Plan"** means properly approved Plan for the development or redevelopment of a tax incremental district including all properly approved amendments thereto as recommended pursuant to SDCL § 11-9-16.

**"Public Works"** means the Infrastructure Improvements, the acquisition by purchase or condemnation of real and personal property within the Tax Incremental District and the sale, lease, or other disposition of such property to private individuals, partnerships, corporations, or other entities at a price less than the cost of such acquisition which benefit or further the health, safety, welfare and economic development of the City and Project Costs.

**"Taxable Property"** means all real taxable property located in a Tax Incremental District;

**"Tax Incremental District"** a contiguous geographic area within a City defined and created by resolution of the governing body and named City of Sioux Falls Tax Incremental District Number 16;

**"Tax Increment Valuation"** is the total value of the Tax Incremental District minus the tax incremental base pursuant to § 11-9-19.

**"Tax Increment Law"** means South Dakota Codified Laws Chapter 11-9.

## PROPERTY WITHIN THE TAX INCREMENT DISTRICT

The real property to be located within the Tax Increment District is legally described as follows:

The N1/2 vacated alley lying adjacent to Lot 1, Block 22 and Lot 14, Block 23 and N6' vacated alley lying adjacent to Lot 1, Block 23, Highland Addition and abandoned ICG railroad ROW contained in NW 1/4 (except H-1) Section 15, Township 101 North, Range 49 West, Sioux Falls City unplatted; the W 1/2 Tract 2 (except Lot A) SW 1/4 Section 10, Township 101, Range 49, Sioux Falls City unplatted; Tract 1 and Tract 4, NW 1/4 Section 15 Township 101, Range 49, Sioux Falls City unplatted; E 1/2 Tract 2 (except railroad and N7' and except Pexa Addition ) SE1/4SW1/4 Section 10, Township 101, Range 49 Sioux Falls City unplatted, and Lot 7, Block 2 Pexa Addition, all located in Minnehaha County, South Dakota (County Id #s 53580,65804,75083,53709,53706, and 55355) (the "District").

## LISTING OF KIND, NUMBER, LOCATION AND DETAILED COSTS OF PROPOSED PUBLIC WORKS AND IMPROVEMENTS<sup>4</sup>.

In order to implement the provisions of SDCL Chapter 11-9, the following are Project Costs and expenditures made or estimated to be made and the monetary obligations incurred or estimated to be incurred by the City. The Project Costs includes capital costs, financing costs, real property assembly costs, professional fee costs, imputed administration costs, relocation costs, organizational costs, discretionary costs and grants, plus any costs incidental thereto, diminished by any income, special assessments, or other revenues, other than tax increments, received, or reasonably expected to be received, by the City.

The City is working to develop an economic and competitive base to benefit the City and the state as a whole. All project costs are found to be necessary and convenient to the creation of the Tax Incremental District and its implementation. The project constitutes economic development which is a proper public purpose of the City. The City exercises the powers expressly stated in and reasonably inferred by SDCL §11-9-15 and Chapter 9-54. The City shall enter into all contracts in accordance with South Dakota law.

A combination of private investment and tax increment financing will assist progress toward the following additional objectives:

- To address and remedy conditions in the area that impair or arrest the sound growth of the City;
- To implement the Comprehensive Plan and its related element;
- To redevelop and rehabilitate the area in a manner which is compatible with and complementary to unique circumstances in the area;
- To effectively utilize undeveloped and underdeveloped land;
- To improve pedestrian, bicycle, vehicular, and transit-related circulation and safety;

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<sup>4</sup> SDCL §11-9-16(1).

- To ultimately contribute to increased revenues for all taxing entities;
- To encourage the voluntary rehabilitation of buildings, improvements, and conditions;
- To watch for market and/or project opportunities to eliminate blight, and when such opportunities exist, to take action within the financial, legal and political limits of the City to acquire land, demolish and remove structures, provide relocation benefits, and pursue redevelopment, improvement and rehabilitation projects; and
- To improve areas that are likely to significantly enhance the value of substantially all property in the district.
- To cause the development or redevelopment of brown field sites.

## TAXABLE VALUE OF SIOUX FALLS

State law requires that tax increment districts cannot exceed ten percent of the taxable value of the City of Sioux Falls. This value for Sioux Falls is approximately \$10 billion. The base value of the taxable property for inclusion into this Tax Incremental District, as per the Director of Equalizations records is as follows:

Total base value of active TIF Districts in Sioux Falls is as follows:

TIF District #5	\$ 395,354
TIF District #7	\$ 510,088
TIF District #10	\$ 778,651
TIF District #11	\$ 295,270
TIF District #12	\$ 11,415,324
TIF District #13	\$4,482,718
TIF District #14	\$ 983,134
TIF District #15	\$ 251,327
<b>Total</b>	<b>\$19,111,866</b>

The total value of all active TIF districts in Sioux Falls is significantly less than 10% of total taxable value in the City.

The proposed Tax Incremental District will promote economic growth and enhancements in Sioux Falls. It is anticipated that a majority of properties within the district will see increases in their property valuation as a result of improvements made possible through creation of the proposed Tax Incremental District.



## COSTS OF PUBLIC WORKS OR IMPROVEMENTS

In accordance with SDCL § 11-9-16 the following is the kind, number, location and dollar amount of estimated Project Costs, costs of public works and improvements.

Kind of Project Cost	Number of Projects	Location <sup>5</sup>	Amount	Reference <sup>6</sup>
Capital Costs		District	0	11-9-14(1)
Financing Costs		District	0	11-9-14(2)
Real Property Assembly		District	0	11-9-14(3)
Professional Fees		District	0	11-9-14(4)
Administrative Costs		District	0	11-9-14(5)
Relocation Costs		District	0	11-9-14(6)
Organizational Costs		District	0	11-9-14(7)
Discretionary Costs and Grants		District	\$2,044,500*	11-9-14(8)
Eligible Project Costs			\$2,044,500.00	

\*See page 10 list of TIF-Qualified project costs to be paid by developer which qualify as project costs under 11-9-14(1) through (7).

<sup>5</sup>District shall mean the Tax Increment District .

<sup>6</sup>SDCL §11-9-14 (1) Capital costs, including the actual costs of the construction of public works or improvements, buildings, structures, and permanent fixtures; the demolition, alteration, remodeling, repair, or reconstruction of existing buildings, structures, and permanent fixtures; the acquisition of equipment; the clearing and grading of land; and the amount of interest payable on tax incremental bonds or notes issued pursuant to this chapter until such time as positive tax increments to be received from the district, as estimated by the Project Plan, are sufficient to pay the principal of and interest on the tax incremental bonds or notes when due;

(2) Financing costs, including all interest paid to holders of evidences of indebtedness issued to pay for Project Costs, any premium paid over the principal amount thereof because of the redemption of such obligations prior to maturity and a reserve for the payment of principal of and interest on such obligations in an amount determined by the governing body to be reasonably required for the marketability of such obligations;

(3) Real property assembly costs, including the actual cost of the acquisition by a municipality of real or personal property within a tax incremental district less any proceeds to be received by the municipality from the sale, lease, or other disposition of such property pursuant to a Project Plan;

(4) Professional service costs, including those costs incurred for architectural, planning, engineering, and legal advice and services;

(5) Imputed administrative costs, including reasonable charges for the time spent by municipal employees in connection with the implementation of a Project Plan;

(6) Relocation costs;

(7) Organizational costs, including the costs of conducting environmental impact and other studies and the costs of informing the public of the creation of tax incremental districts and the implementation of project plans; and

(8) Payments and grants made, at the discretion of the governing body, which are found to be necessary or convenient to the creation of tax incremental districts or the implementation of project plans.

The above total represents eligible Project Costs. Only such amounts as are feasible will be financed by a monetary obligation which is estimated to be \$1,850,000.<sup>7</sup>

## EXPENDITURES EXCEEDING ESTIMATED COST

Any expenditures which in sum would exceed the total amount stated above will require an amendment of this plan. All amendments are undertaken pursuant to SDCL §11-9-23. When the expenditures are increased above the total above, the Department of Revenue will be required to reset the base, in accordance with SDCL §11-9-23.

## FEASIBILITY STUDY.<sup>8</sup>

An economic feasibility study is attached as Schedule 4. The project is only feasible if there is contribution from the City through the Tax Increment District and assistance from South Dakota Housing Development Authority.

## BLIGHT STUDY

Not less than 25% of the area within the proposed district is blighted and in need of redevelopment as indicated in the Blight Study attached as Schedule 5.

## DETAILED LIST OF ESTIMATED PROJECT COSTS<sup>9</sup>

Attached as Schedule 1 is a detailed list of estimated Project Costs. No expenditure for Project Costs is provided for more than five years after the district is formed.

## FISCAL IMPACT STATEMENT<sup>10</sup>

Attached as Schedule 3 is the Fiscal Impact Statement on other taxing districts found within the Tax Increment District, both until and after the bonds are repaid.

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<sup>7</sup> If the project costs are not provided for in the original plan, the governing body would be required to amend the plan which requires the South Dakota Department of Revenue to redetermine the tax increment base when additional project costs are added to a plan. SDCL §11-9-23 By including “wish list” project costs, the governing body protects itself when the assessment is greater than originally estimated.

<sup>8</sup> SDCL §11-9-16(2)

<sup>9</sup> SDCL §11-9-16(3)

<sup>10</sup> SDCL § 11-9-16(4).

## METHOD OF FINANCING, TIMING OF COSTS AND MONETARY OBLIGATIONS<sup>11</sup>

Project Costs shall be paid by the proceeds of tax increment revenue. There shall be no advances by the City at its sole discretion. The City may reimburse for administrative costs from the tax increments at the end of the Plan after payment of all approved reimbursable costs.

### MAXIMUM AMOUNT OF TAX INCREMENTAL REVENUE

The maximum amount of monetary obligations to be paid through Tax Increment Number 16 shall not to exceed \$1,850,000 principal amount or such lesser amount as may be feasible with the estimated revenue generated by the Tax Increment District plus interest. In the alternative or in combination therewith, the City may enter into one or more development agreements whereby the tax increment revenues would be used in accordance with the terms and conditions of the development agreements (the “monetary obligation”).

### DURATION OF TAX INCREMENTAL PLAN

The duration of the Plan will extend to the number of years it will take for the extinguishment of the monetary obligation, except that the Plan duration shall not exceed 20 years from the date of creation of the District.

### ESTIMATED IMPACT OF TAX INCREMENT FINANCING ON REVENUES OF TAXING JURISDICTIONS

The site will generate taxes to the local jurisdictions at or above the assessed value of the Base. All taxing districts shall receive that base which will be the value set for 2012 taxes payable in 2013. The tax increment will be available to the taxing jurisdictions at or before 20 years after at the creation of the District. Schedule 3 details the tax capture implications to each of the local taxing jurisdictions. After the repayment of the bonds, taxing entities will receive their proportionate share of tax dollars for the base value and the tax incremental values.

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<sup>11</sup> SDCL § 11-9-13(5)

## CONDITIONS MAP<sup>12</sup>, IMPROVEMENTS MAP<sup>13</sup>, ZONING CHANGE MAP<sup>14</sup>

The conditions map is attached as Attachment 1. The Improvements map is attached as Attachment 2. The Zoning Change Map is attached as Attachment 3.

## CHANGES TO THE CITY OF SIOUX FALLS MASTER PLAN, MAP, BUILDINGS CODES AND CITY ORDINANCES<sup>15</sup>.

The City has made or will make such changes in the master plan, map, building codes and City ordinances as indicated on Attachment 3.

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<sup>12</sup> SDCL § 11-9-16(1)

<sup>13</sup> SDCL § 11-9-16(2)

<sup>14</sup> SDCL § 11-9-16(3)

<sup>15</sup> SDCL §11-9-16(4)

## LIST OF ESTIMATED NON-PROJECT COSTS<sup>16</sup>.

The following is a list of the non-Project Costs. All costs are listed as taxable value, actual non-project costs will exceed the following amounts.

<b>Whittier - 80 House Project</b>	
Total Non-Project Cost*	\$11,829,563.00

\*costs of residential housing units plus costs indicated below not covered as project costs.

<b>Project Costs</b>	<b>Cost</b>	<b>TIF Qualified</b>
Land Acquisition	\$ 600,000.00	\$ 300,000.00
City Platting Fees (RS Rate)	\$ 172,500.00	\$ 172,500.00
Closing Costs	\$ 2,000.00	\$ 2,000.00
Landscape Buffer/Fence on North Boundary	\$ 75,000.00	\$ 75,000.00
Site Pre (includes fill dirt)	\$ 550,000.00	\$ 550,000.00
Engineering & Architectural	\$ 50,000.00	\$ 50,000.00
Curb & Gutter (7,200 L.F. @ \$14)	\$ 100,000.00	\$ 100,000.00
Asphalt	\$ 260,000.00	\$ 260,000.00
Storm Drainage	\$ 82,000.00	\$ 82,000.00
Sewer & Water	\$ 250,000.00	\$ 250,000.00
Construction Management	\$ 100,000.00	\$ 100,000.00
Insurance	\$ 15,000.00	\$ 15,000.00
General Conditions	\$ 88,000.00	\$ 88,000.00
	\$ 2,344,500.00	\$ 2,044,500.00

<sup>16</sup> SDCL §11-9-16(5)

## STATEMENT OF DISPLACEMENT AND RELOCATION PLAN<sup>17</sup>

No residents or families will be displaced by the Project. There are no families or persons residing on the premises. Therefore, no relocation Plan is needed.

## PERFORMANCE BOND, SURETY BOND OR OTHER GUARANTY.

As security for its fulfillment of the agreement with the governing body, a purchaser or lessee of redevelopment property may furnish a performance bond, with such surety and in such form and amount as the governing body may approve or make such other guaranty as the governing body may deem necessary in the public interest. This additional security may be provided for in a developers agreement.

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<sup>17</sup> SDCL § 11-9-16(16)

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**LIST OF SCHEDULES**

- SCHEDULE 1 Detail of Project Costs
- SCHEDULE 2 Estimated Captured Taxable Values
- SCHEDULE 3 Fiscal Impact Statement
- SCHEDULE 4 Economic Feasibility Schedule
- SCHEDULE 5 Blight Study

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**ATTACHMENTS**

- Attachment 1. Map and Legal Description and existing uses and conditions
- Attachment 2. Map of Real property Improvement and uses
- Attachment 3. Map of proposed changes in zoning ordinances

## SCHEDULE 1 – "DETAIL OF PROJECT COSTS"

Kind of Project Cost	Number of Projects	Location <sup>18</sup>	Amount	Reference <sup>19</sup>
Capital Costs		District	0	11-9-14(1)
Financing Costs		District	0	11-9-14(2)
Real Property Assembly		District	0	11-9-14(3)
Professional Fees		District	0	11-9-14(4)
Administrative Costs		District	0	11-9-14(5)
Relocation Costs		District	0	11-9-14(6)
Organizational Costs		District	0	11-9-14(7)
Discretionary Costs and Grants		District	\$2,044,500.00	11-9-14(8)
Eligible Project Costs			\$2,044,500.00	

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<sup>18</sup>District shall mean the Tax Increment District .

<sup>19</sup>SDCL §11-9-14 (1) Capital costs, including the actual costs of the construction of public works or improvements, buildings, structures, and permanent fixtures; the demolition, alteration, remodeling, repair, or reconstruction of existing buildings, structures, and permanent fixtures; the acquisition of equipment; the clearing and grading of land; and the amount of interest payable on tax incremental bonds or notes issued pursuant to this chapter until such time as positive tax increments to be received from the district, as estimated by the Project Plan, are sufficient to pay the principal of and interest on the tax incremental bonds or notes when due;

(2) Financing costs, including all interest paid to holders of evidences of indebtedness issued to pay for Project Costs, any premium paid over the principal amount thereof because of the redemption of such obligations prior to maturity and a reserve for the payment of principal of and interest on such obligations in an amount determined by the governing body to be reasonably required for the marketability of such obligations;

(3) Real property assembly costs, including the actual cost of the acquisition by a municipality of real or personal property within a tax incremental district less any proceeds to be received by the municipality from the sale, lease, or other disposition of such property pursuant to a Project Plan;

(4) Professional service costs, including those costs incurred for architectural, planning, engineering, and legal advice and services;

(5) Imputed administrative costs, including reasonable charges for the time spent by municipal employees in connection with the implementation of a Project Plan;

(6) Relocation costs;

(7) Organizational costs, including the costs of conducting environmental impact and other studies and the costs of informing the public of the creation of tax incremental districts and the implementation of project plans; and

(8) Payments and grants made, at the discretion of the governing body, which are found to be necessary or convenient to the creation of tax incremental districts or the implementation of project plans.



## SCHEDULE 2 – "ESTIMATED CAPTURED TAXABLE VALUES"

BASE-ESTIMATED TAXES THAT WILL GO TO TAXING DISTRICTS DURING TIF

INCREMENT-ESTIMATED TAXES THAT WILL GO TO TAX INCREMENT FUND

Estimated Total Improvements: \$11,829,563

Taxable Ratio: 90.30%

BASE: \$258,437

Current Rates:

City: \$4.4980 per thousand

County: \$2.843per thousand

School: \$8.373 per thousand

East River Water Development District: \$.0280

Improvements Made	Assessed	Collected	Tax Increment	Sioux Falls	ERWD	Minnehaha County	Sioux Falls School District
2012	2013	2014	168,157.55	48,048.07	299.10	30,369.20	89,441.18
2013	2014	2015	168,157.55	48,048.07	299.10	30,369.20	89,441.18
2014	2015	2016	168,157.55	48,048.07	299.10	30,369.20	89,441.18
2015	2016	2017	168,157.55	48,048.07	299.10	30,369.20	89,441.18
2016	2017	2018	168,157.55	48,048.07	299.10	30,369.20	89,441.18
2017	2018	2019	168,157.55	48,048.07	299.10	30,369.20	89,441.18
2018	2019	2020	168,157.55	48,048.07	299.10	30,369.20	89,441.18
2019	2020	2021	168,157.55	48,048.07	299.10	30,369.20	89,441.18
2020	2021	2022	168,157.55	48,048.07	299.10	30,369.20	89,441.18
2021	2022	2023	168,157.55	48,048.07	299.10	30,369.20	89,441.18
2022	2023	2024	168,157.55	48,048.07	299.10	30,369.20	89,441.18
2023	2024	2025	168,157.55	48,048.07	299.10	30,369.20	89,441.18
2024	2025	2026	168,157.55	48,048.07	299.10	30,369.20	89,441.18
2025	2026	2027	168,157.55	48,048.07	299.10	30,369.20	89,441.18
2026	2027	2028	168,157.55	48,048.07	299.10	30,369.20	89,441.18
2027	2028	2029	168,157.55	48,048.07	299.10	30,369.20	89,441.18
2028	2029	2030	168,157.55	48,048.07	299.10	30,369.20	89,441.18
2029	2030	2031	168,157.55	48,048.07	299.10	30,369.20	89,441.18

\*

## Maximum Impact

<b>Tif Creation Date</b>	06/01/2012	<b>Assessed Value:</b>	\$ 10,682,095.39
<b>First Year Assessed</b>	2013	<b>Taxes:</b>	\$ 168,157.55
<b>First Year Collected</b>	2014		

Year	TIF Year	Assessed	Collected	Percent Finished	Assessed Valuation	Taxes
1	12/31/2012	2013	2014	50.00%	\$ 5,341,047.69	\$ 84,078.77
2	12/31/2013	2014	2015	100.00%	\$ 10,682,095.39	\$ 168,157.55
3	12/31/2014	2015	2016	100.00%	\$ 10,682,095.39	\$ 168,157.55
4	12/31/2015	2016	2017	100.00%	\$ 10,682,095.39	\$ 168,157.55
5	12/31/2016	2017	2018	100.00%	\$ 10,682,095.39	\$ 168,157.55
6	12/31/2017	2018	2019	100.00%	\$ 10,682,095.39	\$ 168,157.55
7	12/31/2018	2019	2020	100.00%	\$ 10,682,095.39	\$ 168,157.55
8	12/31/2019	2020	2021	100.00%	\$ 10,682,095.39	\$ 168,157.55
9	12/31/2020	2021	2022	100.00%	\$ 10,682,095.39	\$ 168,157.55
10	12/31/2021	2022	2023	100.00%	\$ 10,682,095.39	\$ 168,157.55
11	12/31/2022	2023	2024	100.00%	\$ 10,682,095.39	\$ 168,157.55
12	12/31/2023	2024	2025	100.00%	\$ 10,682,095.39	\$ 168,157.55
13	12/31/2024	2025	2026	100.00%	\$ 10,682,095.39	\$ 168,157.55
14	12/31/2025	2026	2027	100.00%	\$ 10,682,095.39	\$ 168,157.55
15	12/31/2026	2027	2028	100.00%	\$ 10,682,095.39	\$ 168,157.55
16	12/31/2027	2028	2029	100.00%	\$ 10,682,095.39	\$ 168,157.55
17	12/31/2028	2029	2030	100.00%	\$ 10,682,095.39	\$ 168,157.55
18	12/31/2029	2030	2031	100.00%	\$ 10,682,095.39	\$ 168,157.55
19	12/31/2030	2031	2032	100.00%	\$ 10,682,095.39	\$ 168,157.55
20	12/31/2031	2032	2033	100.00%	TOTAL	\$ 3,110,914.59

## SCHEDULE 3 - "FISCAL IMPACT STATEMENT"

### FISCAL IMPACT STATEMENT- TAX INCREMENT DISTRICT NUMBER 16

#### INTRODUCTION

The fiscal impact statement is intended to provide a succinct analysis of the estimated impact of the Tax Increment District to the public pursuant to SDCL § 11-9-16(4). It is not intended to rival the level of detail required by a detailed financial analysis. A fiscal impact statement shows the impact of the Tax Increment District, both until and after the bonds or obligations are repaid, upon all entities levying taxes upon property in the district.

#### DEFINITIONS

**"Assumptions"** means factors or definitions used in the fiscal analysis. Assumptions may include facts and figures identified by the District and educated guesses that are sometimes necessary when not all of the information is available. Assumptions are often used to extrapolate an estimate. Assumptions may include an estimate of tax levies of each taxing entity, the school aid formula contribution, the value of the real property, etc.

**"Base Revenues"** means the taxes collected on the base value.

**"Fiscal Impact"** means the increase or decrease in revenues and generally refers to an impact to revenues caused by the district.

**"Revenue"** means ad valorem taxes.

**"Tax Increment District "** means City of Sioux Falls Tax Increment District Number 16.

**"Taxing Districts"** means all political subdivisions of the state which have ad valorem taxing power over property within the boundaries of the Tax Increment District.

**"Tax Increment Revenues"** means all revenues above the Base Revenues.

#### ASSUMPTIONS:

1. The property will have improvements which at completion will be valued for taxable purposes at \$11,829,563.00.
2. The average tax levy of all taxing districts will be \$15.742 per thousand dollars of taxable valuation.
3. Tax increment will start to be collected in 2014 and end prior to 2031.
4. The discretionary formula will be waived by the property owner.

#### FISCAL IMPACT:

The total fiscal impact upon the taxing entities during the term of the Tax Increment District is as follows:

Taxing District will continue to receive taxes on approximately \$258,437, of taxable value throughout the duration of the District.

Valuation Assumptions	Base	Increase	Positive Increment
Land	258,437	0	0
Buildings	0	\$11,829,563.00	\$11,829,563.00
Total Positive Increment	0	\$11,829,563.00	\$11,829,563.00

\*\*\*The following two tables represent the maximum estimated impact based on the cost of construction approach to valuation of the increment. Actual amount are likely to be less due to comparable sales and the income approach to valuation of the real estate. \*\*\*

Maximum Fiscal Impact would be as follows:

Improvements Made	Assessed	Collected	Tax Increment	Sioux Falls	ERWD	Minnehaha County	Sioux Falls School District
2012	2013	2014	168,157.55	48,048.07	299.10	30,369.20	89,441.18
2013	2014	2015	168,157.55	48,048.07	299.10	30,369.20	89,441.18
2014	2015	2016	168,157.55	48,048.07	299.10	30,369.20	89,441.18
2015	2016	2017	168,157.55	48,048.07	299.10	30,369.20	89,441.18
2016	2017	2018	168,157.55	48,048.07	299.10	30,369.20	89,441.18
2017	2018	2019	168,157.55	48,048.07	299.10	30,369.20	89,441.18
2018	2019	2020	168,157.55	48,048.07	299.10	30,369.20	89,441.18
2019	2020	2021	168,157.55	48,048.07	299.10	30,369.20	89,441.18
2020	2021	2022	168,157.55	48,048.07	299.10	30,369.20	89,441.18
2021	2022	2023	168,157.55	48,048.07	299.10	30,369.20	89,441.18
2022	2023	2024	168,157.55	48,048.07	299.10	30,369.20	89,441.18
2023	2024	2025	168,157.55	48,048.07	299.10	30,369.20	89,441.18
2024	2025	2026	168,157.55	48,048.07	299.10	30,369.20	89,441.18
2025	2026	2027	168,157.55	48,048.07	299.10	30,369.20	89,441.18
2026	2027	2028	168,157.55	48,048.07	299.10	30,369.20	89,441.18
2027	2028	2029	168,157.55	48,048.07	299.10	30,369.20	89,441.18
2028	2029	2030	168,157.55	48,048.07	299.10	30,369.20	89,441.18
2029	2030	2031	168,157.55	48,048.07	299.10	30,369.20	89,441.18

**Tif Creation Date** 06/01/2012  
**First Year Assessed** 2013  
**First Year Collected** 2014  
**Assessed Value:** \$ 10,682,095.39  
**Taxes:** \$ 168,157.55

Year	TIF Year	Assessed	Collected	Percent Finished	Assessed Valuation	Taxes
1	12/31/2012	2013	2014	50.00%	\$ 5,341,047.69	\$ 84,078.77
2	12/31/2013	2014	2015	100.00%	\$ 10,682,095.39	\$ 168,157.55
3	12/31/2014	2015	2016	100.00%	\$ 10,682,095.39	\$ 168,157.55
4	12/31/2015	2016	2017	100.00%	\$ 10,682,095.39	\$ 168,157.55
5	12/31/2016	2017	2018	100.00%	\$ 10,682,095.39	\$ 168,157.55
6	12/31/2017	2018	2019	100.00%	\$ 10,682,095.39	\$ 168,157.55
7	12/31/2018	2019	2020	100.00%	\$ 10,682,095.39	\$ 168,157.55
8	12/31/2019	2020	2021	100.00%	\$ 10,682,095.39	\$ 168,157.55
9	12/31/2020	2021	2022	100.00%	\$ 10,682,095.39	\$ 168,157.55
10	12/31/2021	2022	2023	100.00%	\$ 10,682,095.39	\$ 168,157.55
11	12/31/2022	2023	2024	100.00%	\$ 10,682,095.39	\$ 168,157.55
12	12/31/2023	2024	2025	100.00%	\$ 10,682,095.39	\$ 168,157.55
13	12/31/2024	2025	2026	100.00%	\$ 10,682,095.39	\$ 168,157.55
14	12/31/2025	2026	2027	100.00%	\$ 10,682,095.39	\$ 168,157.55
15	12/31/2026	2027	2028	100.00%	\$ 10,682,095.39	\$ 168,157.55
16	12/31/2027	2028	2029	100.00%	\$ 10,682,095.39	\$ 168,157.55
17	12/31/2028	2029	2030	100.00%	\$ 10,682,095.39	\$ 168,157.55
18	12/31/2029	2030	2031	100.00%	\$ 10,682,095.39	\$ 168,157.55
19	12/31/2030	2031	2032	100.00%	\$ 10,682,095.39	\$ 168,157.55
20	12/31/2031	2032	2033	100.00%	TOTAL	\$ 3,110,914.59

Taxing District	Assessed	Levy per thousand	Taxes on Tax Increment (A)	Total Taxes Collected (B)	Ratio per Total Tax (A) / (B)
City of Sioux Falls	7,941,936,064.00	4.50	53,209.37	35,680,846.00	0.0014913
Minnehaha County	10,700,927,166.00	2.84	33,631.45	42,281,480.00	0.0007954
Sioux Falls School District	7,868,556,151.00	8.37	99,048.93	82,967,743.00	0.0011938
Eastriver	10,700,927,166.00	0.03	331.23	299,625.00	0.0011055

## SCHEDULE 4 – “ECONOMIC FEASIBILITY STUDY”

The City of Sioux Falls has been approached by a commercial developer Don Dunham (“Developer”) concerning the development of land which has been designated the “Whittier Heights Project”. The Whittier Heights project is proposed to be constructed on approximately 33 acres of bare land located within the City of Sioux Falls, lying east of North Cliff Avenue, and north of First Street. This land has not previously been developed due to the challenging terrain and location to North Cliff Avenue and the railroad tracks.

The Developer has indicated that the project is not feasible without the assistance of the Tax Increment District and the assistance of South Dakota Housing Development Authority. This is a “but for” type of tax increment district financing. The project will not proceed “but for” the assistance from the City through the creation of a tax increment district for the project.

The Developer has extensive experience in the development of three similar rent to own projects in Sioux Falls:

1. Homestead Trails (32 house project constructed in 1997-1998);
2. Northern Heights Development (50 house project constructed in 2004-2005) and
3. Northern Heights Development II (36 house project constructed in 2006-2007)

An essential component of the project City funding is for certain eligible Project Costs (“Project Costs”) needed to support the Project (or any other comprehensive redevelopment of the site), all of which is currently estimated to cost approximately to total \$11,829,563.

The City has made it clear that City funding for these public improvements must be supported by the tax revenues generated by the Project, and not by the general revenues of the City. The vehicle through which this can be accomplished is through tax increment financing under the South Dakota Tax Incremental District Law (South Dakota Codified Laws Chapter 11-9). Tax increment financing is an indispensable self-financing tools used throughout the United States to help local governments successfully develop and redevelop areas and encourage economic development.

In tax increment financing, the current real property tax assessed value of all properties in a designated project area (“tax increment financing district”) is established as the “base value.” As development in the tax increment financing district increases the assessed values of the redeveloped properties, a portion of the additional tax revenue generated by the increase in assessed value over the base value is set aside and committed by the City to the reimbursement of approved project costs.

Tax increment financing is permitted only in connection with a “Project Plan” duly adopted by the City. The City of Sioux Falls has guidelines for the use of tax increment financing within the city. While the guidelines are consistent with South Dakota Codified Law and the process is generally the same as provided for within statute, there are a few exceptions and instances where the City has taken the liberty to further define and interpret.

The estimated increment resulting from the improvements would be \$168,157.55 as evidence by the table below.

<b>Insert all taxing Districts</b>	<b>Levy</b>
	<b>\$ per 1000</b>
Minnehaha County	2.843
Sioux Falls School District	8.373
Water District	0.028
City	4.498
<b>Total Tax Levy</b>	<b>15.742</b>

<b>Full &amp; True</b>	0.000%
<b>State Multiplier</b>	90.300%
<b>Assessed</b>	\$ 11,829,563.00
<b>Factored</b>	\$ 10,682,095.39
<b>Taxable</b>	\$ 10,682,095.39
<b>Taxes</b>	\$ 168,157.55

The following table indicates that it would be feasible to finance \$1,850,000 at 4%.

Pmnt #	Start of Period	Annual Interest Rate	Scheduled Balance	Actual Balance	Scheduled Payment	Interest Portion	Principal Portion
1	07/01/14	4.0000%	1,850,000.00	1,850,000.00	(82,602.36)	(37,000.00)	(45,602.36)
2	01/01/15	4.0000%	1,804,397.64	1,804,397.64	(82,602.36)	(36,087.95)	(46,514.40)
3	07/01/15	4.0000%	1,757,883.24	1,757,883.24	(82,602.36)	(35,157.66)	(47,444.69)
4	01/01/16	4.0000%	1,710,438.55	1,710,438.55	(82,602.36)	(34,208.77)	(48,393.59)
5	07/01/16	4.0000%	1,662,044.96	1,662,044.96	(82,602.36)	(33,240.90)	(49,361.46)
6	01/01/17	4.0000%	1,612,683.51	1,612,683.51	(82,602.36)	(32,253.67)	(50,348.69)
7	07/01/17	4.0000%	1,562,334.82	1,562,334.82	(82,602.36)	(31,246.70)	(51,355.66)
8	01/01/18	4.0000%	1,510,979.16	1,510,979.16	(82,602.36)	(30,219.58)	(52,382.77)
9	07/01/18	4.0000%	1,458,596.39	1,458,596.39	(82,602.36)	(29,171.93)	(53,430.43)
10	01/01/19	4.0000%	1,405,165.96	1,405,165.96	(82,602.36)	(28,103.32)	(54,499.04)
11	07/01/19	4.0000%	1,350,666.92	1,350,666.92	(82,602.36)	(27,013.34)	(55,589.02)
12	01/01/20	4.0000%	1,295,077.90	1,295,077.91	(82,602.36)	(25,901.56)	(56,700.80)
13	07/01/20	4.0000%	1,238,377.11	1,238,377.11	(82,602.36)	(24,767.54)	(57,834.81)
14	01/01/21	4.0000%	1,180,542.29	1,180,542.29	(82,602.36)	(23,610.85)	(58,991.51)
15	07/01/21	4.0000%	1,121,550.78	1,121,550.78	(82,602.36)	(22,431.02)	(60,171.34)
16	01/01/22	4.0000%	1,061,379.44	1,061,379.44	(82,602.36)	(21,227.59)	(61,374.77)
17	07/01/22	4.0000%	1,000,004.67	1,000,004.67	(82,602.36)	(20,000.09)	(62,602.26)
18	01/01/23	4.0000%	937,402.41	937,402.41	(82,602.36)	(18,748.05)	(63,854.31)
19	07/01/23	4.0000%	873,548.10	873,548.10	(82,602.36)	(17,470.96)	(65,131.39)
20	01/01/24	4.0000%	808,416.71	808,416.71	(82,602.36)	(16,168.33)	(66,434.02)
21	07/01/24	4.0000%	741,982.69	741,982.69	(82,602.36)	(14,839.65)	(67,762.70)
22	01/01/25	4.0000%	674,219.98	674,219.99	(82,602.36)	(13,484.40)	(69,117.96)
23	07/01/25	4.0000%	605,102.03	605,102.03	(82,602.36)	(12,102.04)	(70,500.32)
24	01/01/26	4.0000%	534,601.71	534,601.71	(82,602.36)	(10,692.03)	(71,910.32)
25	07/01/26	4.0000%	462,691.39	462,691.39	(82,602.36)	(9,253.83)	(73,348.53)
26	01/01/27	4.0000%	389,342.86	389,342.86	(82,602.36)	(7,786.86)	(74,815.50)
27	07/01/27	4.0000%	314,527.36	314,527.36	(82,602.36)	(6,290.55)	(76,311.81)
28	01/01/28	4.0000%	238,215.55	238,215.56	(82,602.36)	(4,764.31)	(77,838.05)
29	07/01/28	4.0000%	160,377.51	160,377.51	(82,602.36)	(3,207.55)	(79,394.81)
30	01/01/29	4.0000%	80,982.70	80,982.70	(82,602.36)	(1,619.65)	(80,982.70)

This document represents the feasibility study required under Tax Increment District Law Section 11-9-16 (Subsections 2, 4 and 5). The study concludes that the proposed project is feasible. It is assumed that all obligations incurred would be adequately secured as to allow the payment of principal and interest when due.



## SCHEDULE 5 – “BLIGHT STUDY”

### SECTION 1- INTRODUCTION

The City has been approached concerning the creation of a tax increment district located in the core of the city. If the City finds that "blighted" conditions exist in not less than 25% of the proposed tax increment district area, it may create a tax increment district. The Purpose of the study is to determine if impediments to development and other issues of blight exist, pursuant to state law, sufficient enough to warrant the creation of a district in the core of the City.

In addition to studying the subject area for the defined blighting conditions, staff has evaluated the area for the existence of assets or opportunities for private investment, as creation and reinvestment of TIF funds in a District depends primarily on new private investment generating new property taxes. Finally, staff reviewed the Study Area for localized physical and institutional impediments to investment in the study area.

### SECTION 2 - STUDY AREA BOUNDARY

The Study area of the Blight is described as:

The N1/2 vacated alley lying adjacent to Lot 1, Block 22 and Lot 14, Block 23 and N6' vacated alley lying adjacent to Lot 1, Block 23, Highland Addition and abandoned ICG railroad ROW contained in NW 1/4 (except H-1) Section 15, Township 101 North, Range 49 West, Sioux Falls City unplatted; the W 1/2 Tract 2 (except Lot A) SW 1/4 Section 10, Township 101, Range 49, Sioux Falls City unplatted; Tract 1 and Tract 4, NW 1/4 Section 15 Township 101, Range 49, Sioux Falls City unplatted; E 1/2 Tract 2 (except railroad and N7' and except Pexa Addition ) SE1/4SW1/4 Section 10, Township 101, Range 49 Sioux Falls City unplatted, and Lot 7, Block 2 Pexa Addition, all located in Minnehaha County, South Dakota (the "District").

### SECTION 3 - ESTABLISHING BLIGHT

South Dakota law describes a blighted area as one that contains a set of conditions which constitute blight. There are three statutory areas of blight:

SDCL § 11-9-9 Any area, including slum area, in which the structures, buildings, or improvements, by reason of:

- (1) Dilapidation, age, or obsolescence;
- (2) Inadequate provisions for ventilation, light, air, sanitation, or open spaces;
- (3) High density of population and overcrowding;
- (4) The existence of conditions which endanger life or property by fire and other causes; or
- (5) Any combination of such factors;

are conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime, and which is detrimental to the public health, safety, morals, or welfare, is a blighted area.

SDCL § 11-9-10. Developed areas impairing growth defined as blighted. Any area which by reason of:

- (1) The presence of a substantial number of substandard, slum, deteriorated, or deteriorating structures;
- (2) Predominance of defective or inadequate street layouts;
- (3) Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
- (4) Insanitary or unsafe conditions;
- (5) Deterioration of site or other improvements;
- (6) Diversity of ownership, tax, or special assessment delinquency exceeding the fair value of the land;
- (7) Defective or unusual conditions of title;
- (8) The existence of conditions which endanger life or property by fire and other causes; or
- (9) Any combination of such factors;

substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations, or constitutes an economic or social liability and is a menace to the public health, safety, morals, or welfare in its present condition and use, is a blighted area.

SDCL § 11-9-11. Any area which is predominantly open and which because of obsolete platting, diversity of ownership, deterioration of structures or of site improvements, or otherwise, substantially impairs or arrests the sound growth of a municipality, is a blighted area.

Under South Dakota law the finding of blight may be made based upon a single factor found in SDCL § 11-9-9, 11-9-10 or 11-9-11.

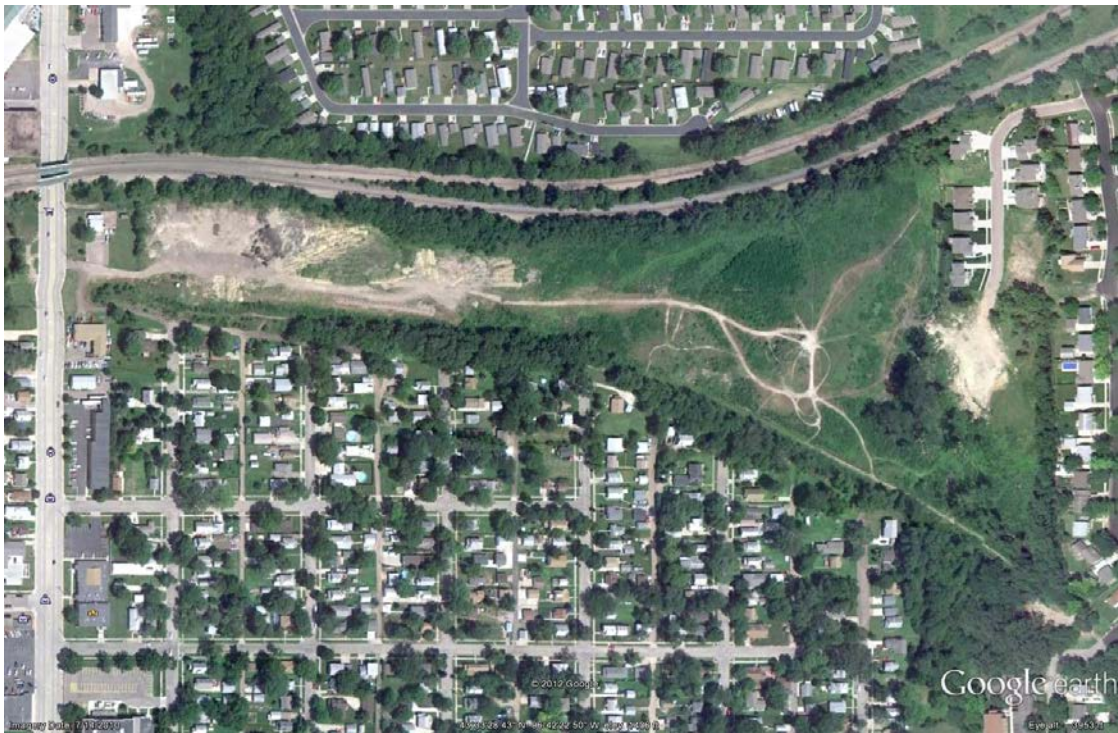
#### SECTION 4 - HISTORY OF THE STUDY AREA

The study area has been open and undeveloped in the center of Sioux Falls. The two pictures below indicate the changes that have taken place since the summer of 1991 and summer of 2010.

Study area since 8/30/1991



Study area as of 8/30/2010 and present.



## SECTION 5 - STUDY AREA DESCRIPTION

The study area consists of bare ground. It is located adjacent to a rail line. A majority of the area surrounding the study area has developed into single family residential lots.

## SECTION 6 - CONDITIONS WITHIN THE STUDY AREA

### Structures

There are no structures within the study area.

### Conditions that endanger life and property

The area currently lacks fire suppression systems.

### Infrastructure

The study area's infrastructure is outdated and will need to be removed where present and replaced with new water, sewer, gas and electrical service.

### Lot Layout

The tract will be required to be platted into lots, the following picture represents a conceptual drawing of the lot layout.



### **Undeveloped Lots**

The study area creates an attractive nuisance where activities non conducive to economic prosperity can congregate.

### **Public Utilities**

**Sewer-** Analysis of the City of Sioux Falls Sanitary Sewer Maps reveals that the Study Area lacks wastewater coverage.

### **Storm water**

Analysis of the City of Sioux Falls Sanitary Sewer Maps reveals that the Study Area lacks storm sewer coverage.

### **Potable Water**

Analysis of the City of Sioux Falls Water Maps reveals that the Study Area lacks water coverage.

### **Street & Sidewalk Condition**

The study area has no public or private streets.

### **Transportation**

The District has access to Cliff Avenue .

### **Public Safety**

**Fire** – The City of Sioux Falls Fire Department supplied information pertaining to life safety aspects within the study area. Twenty five percent of the District does not meet fire safety standards for the proposed uses.

### **Demographic Character of the Study Area**

The district has a population of 0.

### **Tax Generation from the Area**

The District currently generates taxes.

### **Land Use and Planning**

### **Comprehensive Plan**

The Comprehensive plan is consistent with the proposed use of the District.

### **Zoning**

The property is currently zoned for light industrial and will require rezoning for the proposed use.

## SECTION 7 - FINDINGS WITHIN THE STUDY AREA – ANALYSIS

In accordance with State Law, the following addresses specific characteristics of blight found within the Study Area with corresponding portions of 11-9-10 and 11-9-11:

### Presence of a substantial number of substandard, slum, deteriorated, or deteriorating structures.

There exists faulty lot layout and the presence of a substantial number of substandard, deteriorated and deteriorating infrastructure assets which are conducive to ill health, transmission of disease, juvenile delinquency, crime, and which are detrimental to the public health, safety, morals, or welfare and substantially impairs or arrests the sound growth of City, constitutes an economic or social liability and is a menace to the public health, safety, morals, or welfare in its present condition and use.

### Unsanitary or unsafe conditions.

Conditions exist within the Study Area achieve unsafe status due to life-safety and health issues.

### The existence of conditions that endanger life or property by fire or other causes.

Some conditions within localized portions of the Study Area listed above achieve unsafe status due to life-safety issues.

## SECTION 8 - CONCLUSIONS

Based on the findings of this study, it is determined that the Study Area contains conditions defined as “blight”.

# ATTACHMENT 1

Existing Conditions Map

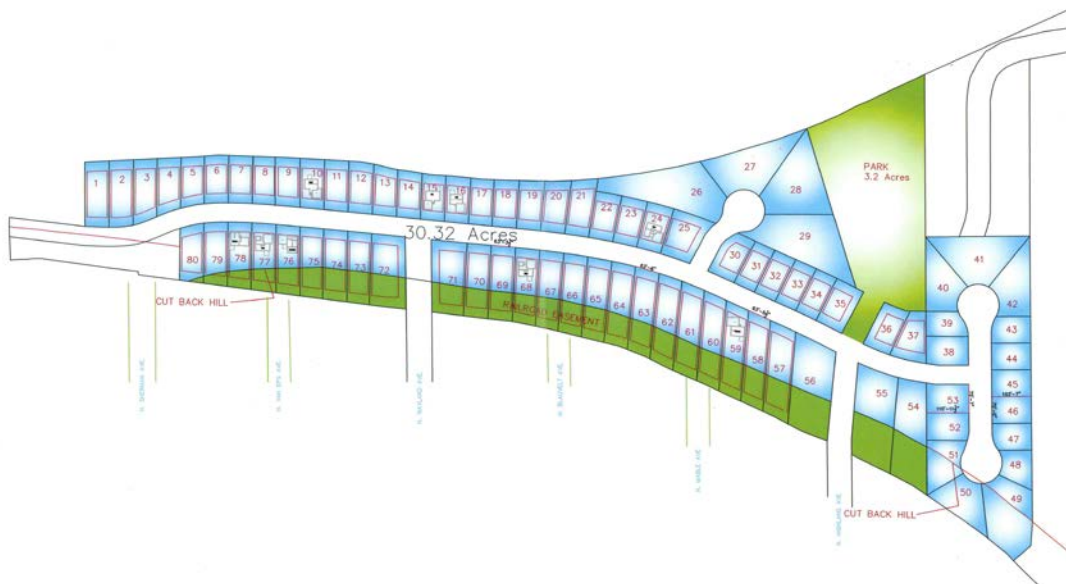


# ATTACHMENT 2

(List of Real Property Improvements) Improvements are to be located and are shown below:

Item	Amount
80 Houses	\$11,829,563
TOTAL	\$11,829,563

All improvements will be made within the boundary of the Tax Increment District Number 16 as shown below.



*Above picture indicates conceptual drawing and is subject to change depending on surface conditions.*

Once constructed the improvements should be similar to prior project, images of the completed residential structures are attached hereafter.







The Improvements shall be located in the real property described in Attachment 1 and is the highest and best use for the real property.

# ATTACHMENT 3

## Zoning Changes

The property will need to be rezoned to undertake the project. The property is zoned RD, I-1 and I-2.

