

Brainerd HRA Procedures for Tax Increment Financing Requests

1. Meet with appropriate staff to discuss the scope of the project, public participation being requested and other information as may be necessary.
2. Submit Application for Tax Increment Financing including an escrow fee in the amount of \$5,000.
3. Staff shall review the request on a preliminary basis to the feasibility of the project.
4. If feasible, the application shall be placed on a HRA Board agenda for review.
5. If preliminary approval is granted, all necessary notices, resolutions and agreements are prepared by staff and/or consultants.

HOUSING TIF DISTRICT SUMMARY

In order for a tax increment financing district to qualify as a housing district:

- (1) The income limitations must be satisfied; and
- (2) No more than 20 percent of the square footage of buildings that receive assistance from tax increments may consist of commercial, retail, or other nonresidential uses.

The requirements apply to property receiving assistance financed with tax increments, including interest reduction, land transfers at less than the authority's cost of acquisition, utility service or connections, roads, parking facilities, or other subsidies.

Owner-occupied housing.

For owner-occupied residential property, 95 percent of the housing units must be initially purchased and occupied by individuals whose family income is less than or equal to the income requirements for qualified mortgage bond projects under section 143(f) of the Internal Revenue Code. The general limit is 115 percent of the greater of (1) the area median income or (2) the statewide median income.

Rental property.

For residential rental property, the property must satisfy the income requirements for a qualified residential rental project as defined in section 142(d) of the Internal Revenue Code. The requirements of this subdivision apply for the duration of the tax increment financing district.

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.

Brainerd HRA Application for Tax Increment Financing

GENERAL INFORMATION

Business Name: _____

Address: _____

Type (Partnership): _____

Authorized Representative: _____

Description of Business: _____

Legal Counsel: _____

Address: _____ Phone: _____

FINANCIAL BACKGROUND

Have you ever filed bankruptcy? _____

Have you ever defaulted on any loan commitment? _____

Have you applied for conventional financing for the project? If so, where? _____

List Three References:

	Name	Phone
1.	_____	_____
2.	_____	_____

3. _____

Have you ever used any business subsidy before? If yes, when and where? _____

PROJECT INFORMATION

Location of the Proposed Project: _____

Amount of TIF Assistance requested: _____

Why the need for TIF Assistance? _____

Present ownership of the site: _____

Rental Units, if applicable:

Bedroom Size	Number of Units	Square Footage	Rent Amount
0 Bedroom			
1 Bedroom			
2 Bedroom			
3 Bedroom			
4 Bedroom			
5 Bedroom			

Owner Occupied Units, if applicable

Square Footage: _____
Bedrooms: _____
Bathrooms: _____
Estimated Sales Price: _____

Total market value of the project upon completion: _____

Anticipated start date: _____ Completion Date: _____

Name and address of architect: _____

FINANCIAL INFORMATION

1. Estimated project related costs:

- a. Land Acquisition: \$ _____
- b. Site Development: \$ _____
- c. Building Cost: \$ _____
- d. Equipment: \$ _____
- e. Architecture/Engineering Fees \$ _____
- f. Legal Fees \$ _____
- g. Off-Site Development Costs \$ _____
- h. Other _____ \$ _____

TOTAL ESTIMATED COSTS \$ _____

2. Source of Financing

- a. Private Financing \$ _____
- b. Tax Increment Funds \$ _____
- c. Other Public Funds \$ _____
- d. Developer Equity \$ _____

OTHER INFORMATION

Addendum shall be attached hereto addressing in detail the following:

1. A map showing the exact boundaries of proposed development.
2. Give a general description of the project including size, parcel number(s) and location of building(s); business type or use, traffic information including parking, timing of the project; estimated market value following completion
3. The existing Land Use designation and zoning of the property. Include a statement as to how the proposed development will conform to the land use designation and how the property will be zoned.
4. A statement identifying how the increment assistance will be used and why it is necessary to undertake the project.
5. A statement identifying the public benefits of the proposal including estimated increase in property valuation, new housing units to be created and other community assets.
6. A written perspective of the developers company of corporation, principals, history and past projects.

PLEASE INCLUDE:

1. Preliminary financial commitment from bank
2. Plans and drawing of project
3. Background material of company
4. Pro Forma analysis with detailed sources and uses
5. Anticipated financing rate, term and amortization
6. Financial statements (Business and Personal)
7. Statement of property ownership of control
8. Escrow fee of \$5,000

SIGNATURE

Applicant's signature: _____

Date: _____