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MEMORANDUM

TO: Members of the Tax Increment Finance Committee

FROM: Mike Dugan

DATE: January 03, 2025

RE: Amendment #1 to the Project Plan for Tax Increment District #92 –
Ennen Development

The TID Boundary is made up of the Hillsvie Estates, future Hillsvie, and future Ennen Subdivisions. In total there are 211 new single-family residential lots proposed within the TID boundary; 156 of which are associated with the future Ennen Subdivision. The development within the Ennen Subdivision will consist of 156 total lots comprised of 72 single-family homes and 84 scaled down homes. Reservoir Road will be extended to the future intersection of E. Anamosa Street. A portion of the future E. Anamosa Street; along the section line within the TID boundary, will be graded.

Tax Increment District #92 was originally classified as an affordable housing TIF district, meaning that the original selling price of any house in the District was going to be at or below the first-time homebuyer purchase price limit being used by the South Dakota Development Authority as of the date the house is sold. This meant that the TIF district would be considered a state-wide TIF district instead of a local TIF district.

It has now been identified that not all homes within the district boundaries will be sold in compliance with this price limit. Thus, the TIF district will no longer be classified as a state-wide TIF district. The TIF district will be classified as a local TIF district. This change in classification changes how the TIF district will be treated for state-aid to education purposes. Local TIF increment valuation is included in the calculation of school district local effort, meaning the county auditor will be required to impose an additional school levy on all real property within the impacted school district.

There will be a total of 211 single-family residences built within the TID boundaries. Of these future residences, 156 residences will be on Developer-controlled property, as demonstrated in the Project Plan, and will be priced at or below the first-time homebuyer purchase price limit being used by the South Dakota Development Authority as of the date the house is sold. The remaining 55 single-family residences are not on property that is one hundred percent controlled by the Developer and will be priced above the South Dakota Development Authority first-time homebuyer purchase price.

Therefore, Paragraph 6 (entitled Guarantee of Affordable Housing) in the Elements of the Project Plan section of the original Project Plan is amended in its entirety to provide:

“Developer will ensure that 156 new homes are built east of Reservoir Road within the District. The original selling price of each of these 156 homes must be at or below the first-time homebuyer purchase price limit being used by the South Dakota Development Authority as of the date the house is sold.”