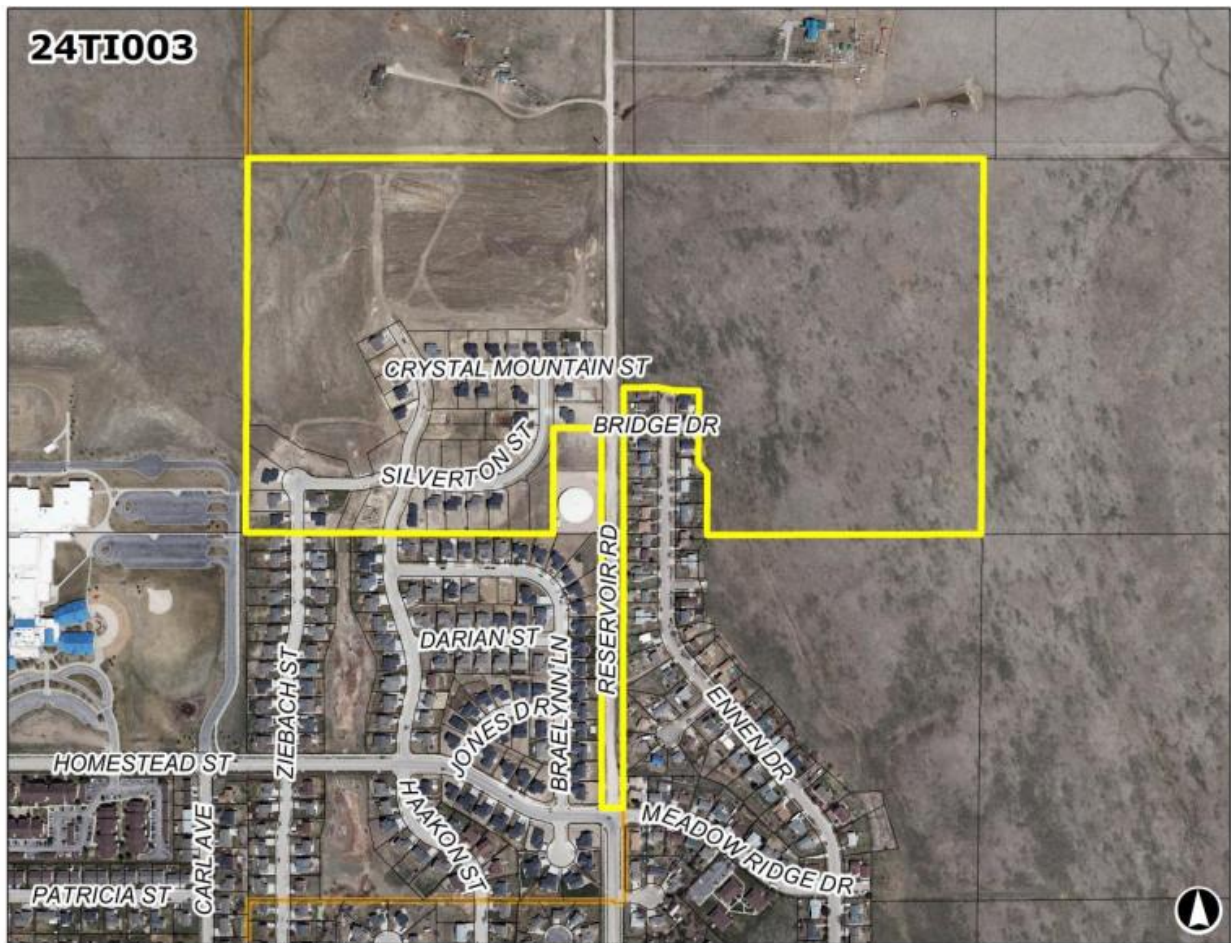


TAX INCREMENT DISTRICT PROJECT PLAN

Original
Approval
09/16/2024

TAX INCREMENT DISTRICT #92
Ennen Housing Development
CITY OF RAPID CITY

Amendment # 1 – January 2025



Prepared by the
Rapid City Department of Community Development
August 2024

Amendment #1 – January 2025
(Details on Page 11)

INTRODUCTION

Tax Increment Financing is a method of financing improvements and development in an area which has been determined to be blighted or which has been determined to create economic development according to the criteria set forth in SDCL 11-9. All this is done without incurring general obligation for the taxpayers of the entire City, so long as the District is not classified as a local district.

The assessed value of a district is determined by the South Dakota Department of Revenue at the time the district is created by the City Council. This valuation is termed the Tax Increment Base Valuation for the district, or simply the “base valuation.”

When the assessed valuation of the district increases in succeeding years, the total property taxes paid by the owners of property in the district will increase accordingly. That increase in taxable valuation is the “increment.” When the tax bills are paid, only that portion of the tax bill which results from the Base Valuation, is paid to the taxing entities (City, County, School, etc.) levying property taxes. The tax increment is deposited into a special fund. It is this plan which determines how these accumulated increment funds will be used.

PURPOSE

The TID Boundary is made up of the Hillsvie Estates, future Hillsvie, and future Ennen Subdivisions. In total there are 211 new 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.

OVERVIEW

The applicant, Ennen Development, LLC, has submitted an application for a Tax Increment Financing District with \$7,817,989 (figure does not include administration costs) in proposed project costs. The purpose of the project is to fund public improvements, financing, and other project costs. Public improvements are those costs associated with the construction of Reservoir Road and the grading of a portion of E. Anamosa Street. Other projects costs can include a variety of eligible expenses allowed by State Law under the Grants and Discretionary Costs category. These include professional fees for this project. The TID boundary is 79.7 acres.

TAX INCREMENT FINANCING COMMITTEE

The Tax Increment Financing Committee met on July 17, 2024 to discuss the proposal. The recommendation to create a new Tax Increment District was based on the requirements of SDCL 11-9-8, wherein:

- (1) “Not less than ... fifty percent, by area, of the real property within the district will stimulate and develop the economic welfare and prosperity of the state through the promotion and advancement of industrial, commercial, manufacturing, agricultural, or natural resources”; and

- (2) The improvement of the area is likely to enhance significantly the value of substantially all of the other real property in the district.

The Committee also confirmed that based on the information provided in the application, the proposed development meets several of the local criteria as required by the City's adopted Tax Increment Financing Policy.

An Imputed Administrative Fee in the amount of \$20,000 shall be charged by the City of Rapid City to every tax increment district for which a Project Plan is approved. This fee is paid to the City as a project cost from the Tax Increment fund balance in year five of the District. Also, a \$15,000 Imputed Administrative Fee shall be charged by Pennington County. This interest free fee is paid to the County as a project cost from the Tax Increment fund balance in year five of the District for its administrative costs. It is not included as a project cost in the table below; however, is referenced in the Detail of Project Costs.

All public infrastructure projects identified for incremental reimbursement within this Project Plan shall be constructed and completed within five years of the creation of the district, including the City's acceptance of those public improvement(s). The Developer's Agreement will outline the precise terms and conditions. If the Tax Increment revenues exceed the anticipated loan payments, the District debt would be retired early, resulting in the full value of the property being returned more quickly back to the tax rolls.

PROJECT PLAN SUMMARY

This plan establishes the total project costs, as well as the Tax Increment District funded costs. As required by SDCL 11-9-13, the Project Plan will address the following elements:

- 1) Public Works and Other Improvements;
- 2) Economic Feasibility Study;
- 3) Project Costs;
- 4) Fiscal Impact Statement;
- 5) Financing Method Description; and
- 6) Guarantee of Affordability

Additionally, the following exhibits are offered:

- I. General Vicinity Map;
- II. Aerial Photo with Tax Increment District Boundary Map;
- III. Map of Existing Zoning;
- IV. Map of Existing Land Use; and
- V. Map of Public and Other Improvements.

The Statement of Method for Relocating Displaced Persons, as well as the Statement of Changes Needed in the Master Plan, Building Codes and Ordinances do not apply to this Project Plan and have not been included in this document as there are no persons that will be displaced with approval of this Plan nor are there any changes needed in the City's Master Plan, existing Building Codes or Ordinances in order to implement this Plan.

ELEMENTS OF THE PROJECT PLAN

1. PUBLIC WORKS AND OTHER IMPROVEMENTS

The Project Plan includes one phase with total expenses of \$7,817,989. This includes costs for both infrastructure expenses, financing, and other project costs. Interest expense would be accrued at an anticipated 7.5% interest rate.

2. ECONOMIC FEASIBILITY STUDY

Current Valuation

The Ennen Housing Development Tax Increment District has been created in accordance with SDCL 11-9-2 to 11-9-11. A vicinity map as well as a boundary map is attached. The 2023 assessed valuation for the proposed district is projected at \$13,308,800. In accordance with SDCL 11-9-20, the Finance Director will request that the South Dakota Department of Revenue certify the base valuation following creation and approval of the district by the City Council.

ANTICIPATED CERTIFIED BASE VALUATION OF PROPERTY- \$13,308,800.

Expected Increase in Valuation

ESTIMATED FUTURE VALUATION OF PROPOSED DISTRICT

Estimated 2023 Assessed Value of District	\$13,308,800
Estimated 2034 Assessed Value of project (year 10)	\$77,108,800
Other Anticipated Increases in Assessed Value	\$0
Estimated Increase in Assessed Value of Land*	\$0
Estimated 2044 Total Valuation (year 20)	\$77,108,800

For purposes of this Tax Increment District, the land and building valuation are estimated as a total. Years 10 and 20 represent valuation after the construction of 156 homes.

Revenue Estimates from Tax Increments

The Plan anticipates semi-annual payments over 15 years from the creation of the district, with payments beginning in 2027. The potential negative short-term impact on the various taxing entities will be offset by the increase in the tax base in future years.

2023 Owner Occupied Tax Levies and Percentage of Total Levy for 4/D-RC-VS

City of Rapid City within the Rapid City Area School District

<u>Taxing Entity</u>	<u>Tax Levy</u>	<u>% of Total Levy</u>
Rapid City Area School District	6.836	50.85%
Pennington County	3.714	27.63%
City of Rapid City	2.556	19.01%
West Dakota Water District	0.018	0.160%
Sewer	<u>0.317</u>	<u>02.35%</u>
Total Mill Levy	13.441	100.00%

Anticipated 2023 Owner Occupied 4/D-RC-VS Tax Rate: 0.013441

PROJECTED TAX INCREMENT INCOME

Year	Assessment		Year Taxes	Projected Cumulative	Yearly Tax
	<u>Year</u>	<u>Year</u>	<u>Paid</u>	<u>Increase Valuation</u>	<u>Increment Payments</u>
Created	2024	2023	2025	Base Valuation (\$0)	Base Valuation (\$0)
1	2025	2024	2026	13,308,800	0
2	2026	2025	2027	13,308,800	0
3	2027	2026	2028	23,358,800	116,014.99
4	2028	2027	2029	41,883,800	329,863.51
5	2029	2028	2030	59,723,800	535,804.55
6	2030	2029	2031	77,108,800	736,493.16
7	2031	2030	2032	77,108,800	736,493.16
8	2032	2031	2033	77,108,800	736,493.16
9	2033	2032	2034	77,108,800	736,493.16
10	2034	2033	2035	77,108,800	736,493.16
11	2035	2034	2036	77,108,800	736,493.16
12	2036	2035	2037	77,108,800	736,493.16
13	2037	2036	2038	77,108,800	736,493.16
14	2038	2037	2039	77,108,800	736,493.16
15	2039	2038	2040	77,108,800	736,493.16
16	2040	2039	2041	77,108,800	736,493.16
17	2041	2040	2042	77,108,800	736,493.16
18	2042	2041	2043	77,108,800	736,493.16
19	2043	2042	2044	77,108,800	736,493.16
20	2044	2043	2045	77,108,800	736,493.16
				Total	\$12,029,080.45

The applicant projects Taxable Value (above the base valuation) to increase to \$77,108,800 by year 20 of the Tax Increment Financing District. The applicant expects the Taxable Value to increase by \$63,800,000 by 2030 when all 156 single family homes are expected to be built. Under this assumption, the District will require 15 years to be paid off. However, an additional 55 homes are projected to be built within the TID boundary after the initial 156 homes are built according to the applicant. That would lead to property taxes trending upward, causing the District to pay off sooner. Also, the applicant assumed \$0 for an increment payment for the first two years of TID. There will be income the first two years based off the projected base valuation of \$13,308,800.

TOTAL TAX INCREMENT EXPECTED TO ACCRUE BY 12/44: \$12,029,080.45

NOTE: Tax Increment payments are calculated using 100% of estimated future property valuation and 100% of expected 2023 mill levy for the City of Rapid City (4/D-RC-VS). For purposes of reviewing a proposed TIF District, factored value (also known as taxable value as differentiated by the Department of Equalization), is not part of the assumptions for projecting values and incremental revenue. The Estimated Cumulative Increase in Taxable Value is an

estimate based on the incremental revenue generated from the applicant's proposed valuation increase.

3. PROJECT COSTS

Improvements to be provided in this project are intended to be in accordance with SDCL 11-9 and are listed as follows:

CAPITAL COSTS

For purposes of this Project Plan, Capital Costs shall refer to public improvements that will meet public bid requirements. The public improvements for this Project Plan are associated with Reservoir Road and the grading of the future E. Anamosa Street. Both Reservoir Road and E. Anamosa St. are classified as principal arterials according to the major street plan.

Costs include all surface and subsurface improvements to Reservoir Road, including asphalt paving, base course, concrete fillets, curb and gutter, handicap ramps, 5' sidewalk on the east and west sides of the Reservoir Road alignment, permanent gravel surfacing located within the TID boundary, concrete C-wall, reinforced driveway approaches, pavement markings, lane striping, turn arrows, required signage, and the general grading of the road. These improvements are located between stations 1+00 and 24+20 generally within the proposed Reservoir Road Right-of-Way.

Costs include all necessary removals for the construction of the Reservoir Road grading and pavement including riprap, relocation of a fire hydrant, chain link fencing, barbwire fencing, gravel surfacing, removing and relocating utility boxes and pedestals, utility conduit, existing sidewalk, concrete curb and gutter and concrete fillets.

Costs also include required excavation and topsoil stockpiles for the construction of Reservoir Road and Anamosa Streets future Right-of-Way's located within the TID boundary. This includes excavation, stockpiling, topsoil, general grading, seeding, fertilizing and mulching. All excavation located within the TID boundary and the proposed Reservoir Road ROW ranging from Stations 0+00 to 24+20 for the Reservoir Road alignment and Stations 2+50 to 16+00.

In addition, Project Plan costs include all water improvements required by the Rapid Valley Sanitary District located within the Reservoir Road ROW and the TID boundary. This includes construction of a 12" water main ranging from stations 17+40 to 24+20, as well as necessary appurtenances required for the water main construction including bends, couplings, valves, tee's, end caps and fire hydrants. An 8" water main crossing is proposed near station 19+77 as well as all required fittings mentioned above and 12" water main crossing for Anamosa Street intersection is proposed near station 23+87 as well as all fittings mentioned above.

Improvements to the required Sanitary Sewer improvements located within the TID boundary are included in project costs, including adjusting and existing sanitary manhole located near station 1+55.

Storm Sewer improvements along the proposed Reservoir Road ROW and within the TID boundary are included in project costs including 2'x3' Type B inlets, 3'x4' Type B inlets, 4'x11' Type S inlets, storm sewer manholes, and riprap. All generally located between stations 0+00 to 24+20. Also included is 18" storm pipe generally ranging from stations 0+00 to 7+00 and 10+30

to 19+00, and 24" storm pipe (with 18" crossing pipes) generally ranging from Stations 19+00 to 24+20.

Included in project costs are erosion control measures located within the proposed Reservoir Road TID boundary. This includes inlet protection, silt fencing, wattles, vehicle tracking control, erosion control blankets and concrete washout areas which generally range between stations 0+00 to 24+20.

Utility work located within the Reservoir Road ROW and TID boundary are included in project costs. This includes pole adjustment, adjusting conduit and pedestals for work resulting from new Reservoir Road profile. It also includes relocation of existing stations and addition of new mains/services.

PROFESSIONAL, LEGAL, and ADMINISTRATIVE COSTS

The Project Plan includes \$295,492 in professional, legal, and administrative costs associated with completing the TIF eligible project components.

FINANCING EXPENSES

Financing expenses are estimated on a 7.5% interest rate during the life of the Tax Increment District. Interest expense is eligible up to \$4,143,731.

Imputed Administrative Costs: An Imputed Administrative Fee in the amount of \$20,000 plus an additional \$5,000 for any phased certification shall be charged by the City of Rapid City to every Tax Increment District for which a Project Plan is approved. This interest free fee is paid to the City as a project cost from the Tax Increment fund balance in year five of the District for its administrative costs. It is not included as a project cost in the table below; however, is referenced in the Detail of Project Costs. Also, a \$15,000 Imputed Administrative Fee shall be charged by Pennington County. This interest free fee is paid to the County as a project cost from the Tax Increment fund balance in year five of the District for its administrative costs. It is not included as a project cost in the table below; however, is referenced in the Detail of Project Costs.

Costs of Public Works or Improvements. In accordance with SDCL § 11-9-13, the following table represents the kind, number, location and dollar amount of estimated Project Costs, costs of public works and improvements.

Capital Costs (Public Improvements) - Reservoir Road & Grading of East Anamosa	3,378,766
Professional Fees, Legal and Admin Costs	295,492
Financing	4,143,731
Total	7,817,989

DETAIL OF PROJECT COSTS

Kind of Project	Number of Projects	Location ⁽¹⁾	Amount	Reference ⁽²⁾
Capital Costs – Reservoir Rd. & E. Anamosa Grading (Public Improvements) (Contingency Costs Included)	1	District	\$3,378,766	11-9-15(1)
Financing Costs	1	District	\$4,143,731	11-9-15(2)
Real Property Assembly	N/A	District	N/A	11-9-15(3)
Professional Fees	1	District	\$295,492	11-9-15(4)
Relocation Costs	N/A	N/A	N/A	11-9-15(6)
Organizational Costs	N/A	N/A	N/A	11-9-15(7)
Discretionary Costs and Grants	N/A	N/A	N/A	11-9-15(8)
Subtotal Eligible Project Costs Before Admin Fees			\$7,817,989	

Subtotal Eligible Project Costs	7,817,989
City Administration Fee	20,000
County Administration Fee	15,000
Total Eligible Project Costs	7,852,989

4. FISCAL IMPACT STATEMENT

The impact on taxing entities can be derived from determining the Tax Increment anticipated during the life of the district. The true impact on taxing entities of the Plan is the increase in valuation of the property within the Tax Increment District. The taxing entities are foregoing that income during the life of the district and will realize that income as soon as the debt from the project costs in the Plan is retired. The purpose of this Plan is to encourage that increase in valuation.

⁽¹⁾District shall mean the Tax Increment District

⁽²⁾**SDCL §11-9-14. Project costs defined.** “Project costs” are any expenditures made or estimated to be made, or monetary obligations incurred or estimated to be incurred, by a municipality which are listed in a project plan as grants, costs of public works, or improvements within a tax incremental district, 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 municipality in connection with the implementation of the plan.

SDCL 11-9-15. Specific items included in project costs. Project costs include:

- (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.

NET IMPACT ON TAXING ENTITIES

Year Paid	Valuation Increase	School	County	City	Water	Sewer	Yearly Total
2024	13,308,800	NA	NA	NA	NA	NA	NA
2025	13,308,800	NA	NA	NA	NA	NA	NA
2026	13,308,800	NA	NA	NA	NA	NA	NA
2027	23,358,800	58,993	32,054	22,054	187	2,726	116,014
2028	41,883,800	167,735	91,141	62,706	530	7,751	329,863
2029	59,723,800	272,456	148,042	101,856	859	12,591	535,804
2030	77,108,800	374,506	203,493	140,007	1,180	17,307	736,493
2031	77,108,800	374,506	203,493	140,007	1,180	17,307	736,493
2032	77,108,800	374,506	203,493	140,007	1,180	17,307	736,493
2033	77,108,800	374,506	203,493	140,007	1,180	17,307	736,493
2034	77,108,800	374,506	203,493	140,007	1,180	17,307	736,493
2035	77,108,800	374,506	203,493	140,007	1,180	17,307	736,493
2036	77,108,800	374,506	203,493	140,007	1,180	17,307	736,493
2037	77,108,800	374,506	203,493	140,007	1,180	17,307	736,493
2038	77,108,800	374,506	203,493	140,007	1,180	17,307	736,493
2039	77,108,800	374,506	203,493	140,007	1,180	17,307	736,493
2040	77,108,800	374,506	203,493	140,007	1,180	17,307	736,493
2041	77,108,800	374,506	203,493	140,007	1,180	17,307	736,493
2042	77,108,800	374,506	203,493	140,007	1,180	17,307	736,493
2043	77,108,800	374,506	203,493	140,007	1,180	17,307	736,493
2044	77,108,800	374,506	203,493	140,007	1,180	17,307	736,493

The State of South Dakota uses a formula to calculate the amount of general funding distributed to a school district each year. A portion of the money going into the formula is funded by taxes collected by the State, and a portion is funded by local property taxes. The formula is designed to hold the school district harmless when a TIF District is created. For TIF Districts classified as "Local" the revenues to the School District must be made up by property owners within the District. For all other TIF District classifications (Economic Development, Affordable Housing, Industrial, etc.) the revenues are made up across the entire state. This District is anticipated to be classified as an Affordable Housing District.

5. FINANCING METHOD

The financing method to be used in the funding of this Plan is to be obtained by the developer. The developer will be responsible for any interest payments due that are not available from the Ennen Housing Development Tax Increment District. If the Tax Increment revenues exceed the anticipated loan payments, the debt will be retired early.

The debt on the Tax Increment District Project Costs covered in the Plan will be retired by deposits made into the Tax Increment District fund as property taxes are paid in succeeding years. The City of Rapid City Finance Director will make the disbursements from that fund in accordance with this Plan. According to SDCL 11-9-25, positive Tax Increments will be allocated to that fund no longer than 20 years after the calendar year of creation. The final payment from this Plan is anticipated to be made on or before December 1, 2039. The projected amortization rate schedule is listed below showing the amount to be financed by the Developer using a 7.5% interest rate as requested. This Project Plan includes the developer's request of Interest/Financing totaling \$4,143,731.

PROJECTED AMORTIZATION TABLE
(Developer Prepared)

NOTE AMORTIZATION						
Date	Principle	Interest	P & I	Semi-Annual Net Revenue	Capitalized Interest	Loan Balance Outstanding
						4,916,600.00
12/01/24	0.00	0.00	0.00	0.00	184,372.50	4,916,600.00
06/01/25	0.00	0.00	0.00	0.00	184,372.50	4,916,600.00
12/01/25	0.00	0.00	0.00	0.00	184,372.50	4,916,600.00
06/01/26	0.00	0.00	0.00	0.00	184,372.50	4,916,600.00
12/01/26	0.00	0.00	0.00	0.00	184,372.50	4,916,600.00
06/01/27	0.00	58,007.49	58,007.49	58,007.49	126,365.01	4,916,600.00
12/01/27	0.00	58,007.49	58,007.49	58,007.49	126,365.01	4,916,600.00
06/01/28	0.00	164,931.76	164,931.76	164,931.76	19,440.74	4,916,600.00
12/01/28	0.00	164,931.76	164,931.76	164,931.76	19,440.74	4,916,600.00
06/01/29	83,529.77	184,372.50	267,902.27	267,902.27	0.00	4,833,070.23
12/01/29	74,579.46	193,322.81	267,902.27	267,902.27	0.00	4,758,490.77
06/01/30	177,906.95	190,339.63	368,246.58	368,246.58	0.00	4,580,583.82
12/01/30	185,023.23	183,223.35	368,246.58	368,246.58	0.00	4,395,560.59
06/01/31	192,424.16	175,822.42	368,246.58	368,246.58	0.00	4,203,136.43
12/01/31	200,121.12	168,125.46	368,246.58	368,246.58	0.00	4,003,015.31
06/01/32	208,125.97	160,120.61	368,246.58	368,246.58	0.00	3,794,889.34
12/01/32	216,451.01	151,795.57	368,246.58	368,246.58	0.00	3,578,438.33
06/01/33	225,109.05	143,137.53	368,246.58	368,246.58	0.00	3,353,329.28
12/01/33	234,113.41	134,133.17	368,246.58	368,246.58	0.00	3,119,215.87
06/01/34	243,477.95	124,768.63	368,246.58	368,246.58	0.00	2,875,737.92
12/01/34	253,217.06	115,029.52	368,246.58	368,246.58	0.00	2,622,520.86
06/01/35	263,345.75	104,900.83	368,246.58	368,246.58	0.00	2,359,175.11
12/01/35	267,981.64	100,264.94	368,246.58	368,246.58	0.00	2,091,193.47
06/01/36	279,370.86	88,875.72	368,246.58	368,246.58	0.00	1,811,822.61
12/01/36	291,244.12	77,002.46	368,246.58	368,246.58	0.00	1,520,578.49
06/01/37	303,621.99	64,624.59	368,246.58	368,246.58	0.00	1,216,956.50
12/01/37	316,525.93	51,720.65	368,246.58	368,246.58	0.00	900,430.57
06/01/38	329,978.28	38,268.30	368,246.58	368,246.58	0.00	570,452.29
12/01/38	344,002.36	24,244.22	368,246.58	368,246.58	0.00	226,449.93
06/01/39	226,449.93	9,624.12	236,074.05	236,074.05	0.00	0.00
12/01/39	0.00	0.00	0.00	0.00	0.00	0.00
06/01/40	0.00	0.00	0.00	0.00	0.00	0.00
12/01/40	0.00	0.00	0.00	0.00	0.00	0.00
06/01/41	0.00	0.00	0.00	0.00	0.00	0.00
12/01/41	0.00	0.00	0.00	0.00	0.00	0.00
06/01/42	0.00	0.00	0.00	0.00	0.00	0.00
12/01/42	0.00	0.00	0.00	0.00	0.00	0.00
06/01/43	0.00	0.00	0.00	0.00	0.00	0.00
12/01/43	0.00	0.00	0.00	0.00	0.00	0.00
06/01/44	0.00	0.00	0.00	0.00	0.00	0.00
12/01/44	0.00	0.00	0.00	0.00	0.00	0.00
	4,916,600.00	2,929,595.53	7,846,195.53	7,846,195.53	1,213,474.00	
			Total Interest	4,143,732	7,817,989.52	
			Project Costs	\$3,674,258		
			TIF Requested	\$7,817,989.52		

6. GUARANTEE OF AFFORDABLE HOUSING

For lots upon which single family homes will be built, the original selling price of any house in the District will 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.

PROJECT PLAN AMENDMENT #1 January 2025

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."