

PLEASE NOTE DATE & TIME

Day/Date: Tuesday, June 10, 2025

Time: 5:00 P.M.

Location: Council Chambers City Hall

**PLANNING COMMISSION
SPECIAL MEETING**

A G E N D A

Commission Members

Averill
Nelson

Lee
Reiersen

Lindberg
Shaffer

Narverud
Sjoberg

Retka

1. APPROVE AGENDA:

Motion by _____ Sec. by _____ To _____

2. MINUTES OF APRIL 30, 2025, SPECIAL MEETING:

Motion by _____ Sec. by _____ To _____

3. COUNCIL ACTIONS:

- Approved amendment to 2040 Comprehensive Plan for 5.07 acres of Sanford Hospital parcel from medium to high density to high density for Edge Development.
- Approved rezoning of 5.07 acres from Ag to R-4 Multi-Family for Edge Development.
- Appointment of Jim Retka to Planning & Zoning Commission.

4. PUBLIC HEARING – VARIANCE REQUEST FOR NEXUS CHURCH

- CHAIRMAN OPENS THE HEARING
- VARIANCE APPLICATION
- HEARING NOTICE
- RCA – VARIANCE REQUEST
- VARIANCE CHECKLIST
- SITE PHOTOS
- R-2 DISTRICT REGULATION
- CALL FOR PUBLIC COMMENT
- CHAIRMAN CLOSES THE HEARING
- PLANNING COMMISSION DISCUSSION

Motion by _____ Sec. by _____ To _____

5. REVIEW & DISCUSSION OF DEVELOPMENT PROGRAM MODIFICATION AND TAX INCREMENT FINANCING PLAN FOR TAX INCREMENT FINANCING DISTRICT 1-16.

- MODIFICATION TO THE DEVELOPMENT PROGRAM & TAX INCREMENT FINANCING (TIF) PLAN DOCUMENT Pages 1-39. (172-page Housing Study (Addendum E), not included. Only Executive Summary portion included. See City website for complete 172-page Housing Study.)
- SAMPLE LETTER FROM PLANNING COMMISSION CHAIR TO ECONOMIC/COMMUNITY DEVELOPMENT DIRECTOR.
- RCA

Motion by _____ Sec. by _____ To _____

6. NEED FOR A MAXIMUM FENCE HEIGHT ORDINANCE DISCUSSION

- DULUTH ORDINANCE SAMPLE
- The Minnesota Building Code ***requires a permit for fences over seven feet in height.*** Fences eight feet in height or fences that are constructed in such a way that they will take on a wind load may need to be designed by a Structural Engineer.

7. OTHER:

8. ADJOURNMENT:

Motion by _____ Sec. by _____ To Adjourn at _____

PLANNING COMMISSION
April 30, 2025, Meeting Minutes

Pursuant to due call and notice, the Thief River Falls Planning Commission met in a special session in the Thief River Falls City Council Chambers on Tuesday, April 30, 2025, at 5:00 P.M. Board Members present: Averill, Lee, Lindberg, Shaffer, Sjoberg. Absent: Narverud, Nelson, Reiersen.

Others present: Sparby, Baker. Guests present: Mark Borseth, Skip Duchesneau, Andrew Duchesneau, April Sheinoha, Scot Waldal, Dan Trontvet, Duane & Suzanne Browning, Rhonda & Barry Martinsen, Kelly Kenner, John Holthusen, Mitch Engelstad, Kristen Haase, Cheryl & Larry Lee, Derek & Stacy Lee, Stephanie Neisen, Sam Kenner, Sue Dupree, Harold Dupree, Brian & Mary Espeseth, Ken & Christine Barnes, Lisa Robson, Mike Lorenson

APPROVE AGENDA:

Sjoberg called the April 30, 2025, Planning Commission meeting to order. Lee approved the agenda; Averill seconded the motion.

APPROVE THE MINUTES OF APRIL 8, 2025, MEETING:

Lindberg made a motion to approve the Planning Commission meeting minutes from April 8, 2025. Lee seconded the motion, which was carried unanimously.

COUNCIL ACTIONS:

The council approved the city code amendment on maximum communication tower height. Height was amended from 200 feet to 365 feet.

The conditional use permit from Wikstrom Telephone Company was approved which allows a 365-foot tower.

PUBLIC HEARING – COMPREHENSIVE PLAN AMENDMENT AND EDGE HOUSING LLC REZONING REQUEST: :

Sjoberg opened the public hearing for both the comprehensive plan amendment and the rezoning request from Edge Housing LLC. Baker presented information on the comprehensive plan amendment. The comprehensive plan amendment is to change the property located at 1926 Sanford Parkway from medium-high density residential to high density residential in the comprehensive plan. When doing a rezoning amendment, the rezoning must conform to the comprehensive plan.

Baker then presented the information on the rezoning request. The request is to rezone property located at 1926 Sanford Parkway from Agricultural (AG) to Multi-Family Residential (R-4) to accommodate a three story, 65-unit apartment building.

The city received several letters, and Baker listed the names of those who sent in letters. Sparby added that each letter will be included in the official record and a copy of each letter has been sent to all members of the city council.

The development team of Mike Hron, Skip & Andrew Duchesneau presented a slideshow for The Edge apartment complex project. The presentation included a detailed site plan with pictures & market affected values data. The data showed that property values adjacent to Rivers Bend Apartments which opened in 2018 in Thief River Falls (located at 100 & 102 Barnick Road) increased even when a multi-family residential project was built adjacent to their homes.

Mike Hron stated this is unique opportunity for our community. This project has the right partners, with the right resources at the right time. Hron stated they know change can be difficult. Without change, we don't grow and without growth, we risk regression.

Skip Duchesneau also addressed specific concerns from residents such as location, property values, noise, traffic.

Comments were heard from Lisa Robson, Kelly Kenner on behalf of Rhonda & Barry Martinsen, Mitch Engelstad, Kristen Haase, Brian Espeseth.

Many concerns were raised by nearby neighbors including the chosen location, quality of life, noise, safety, increased traffic, the criteria to meet when rezoning, decreased property value, disruption to the established neighborhood and the proposed plat Sanford & the city provided when building that showed this specific piece of property would be single family residential, not high-density residential.

Mark Borseth with Digi-Key spoke on the need for housing. When Digi-Key expanded in Thief River Falls, they took a huge risk with having enough people to operate. Digi-Key knows that to maintain a great place to live you need housing, daycare facilities, a good school district and Digi-Key has shown great interest in investing in these things to better the community.

After the public comments, Sjoberg closed the public hearing, and the Planning Commission had discussion. Infrastructure is a critical consideration. It would take approximately two million dollars to move the project to the south side of Sanford as there is no infrastructure in place. Baker stated that when Sanford was built, the property was going to be platted for single family homes but the neighborhood didn't want it platted and therefore it wasn't.

Suzanne Browning spoke and wanted to correct that statement. She is familiar with the 2011 proposed plat and it was not stopped because of the neighbors. A petition was submitted to the Environmental Quality Board for an environmental review of the project. The Environmental Quality Board sent a letter to the City of Thief River Falls stating that they had received a petition asking for an EAW (Environmental Assessment Worksheet) to be prepared for the property. The EAW stated that to plat the property, it will need an Environmental Impact Study and that is why it wasn't platted at that time.

After discussion, Lee made a motion to approve the comprehensive plan amendment. Lindberg seconded the motion. A roll call vote was taken and voting in favor of the comprehensive plan amendment were Lee, Lindberg, Averill, Sjoberg. Voting against the comprehensive plan amendment was Shaffer. The motion passed with a 4-1 vote. The recommendation will go to the May 6th city council meeting.

Lee made a motion to approve the rezoning. Lindberg seconded the motion. A roll call vote was taken and voting in favor of the rezoning were Lee, Lindberg, Averill, Sjoberg. Voting against the rezoning was Shaffer. The motion passed with a 4-1 vote. The recommendation will go to the May 6th city council meeting.

City Attorney Delray Sparby stated that because there was nothing in the motion stating that the rezoning met the criteria that are required for the zoning amendments by ordinance, he suggested re-voting. Lee made a motion to approve the rezoning as it met all criteria that was presented. Lindberg seconded the motion. The roll call vote was unchanged, and the motion passed 4-1.

OTHER

Baker stated that Mayor Mike Lorenson will be appointing a new member to the Planning Commission at the Tuesday, May 6th city council meeting.

ADJOURNMENT:

Shaffer made a motion to adjourn the meeting at 7:16 p.m. Lee seconded the motion which carried.



Application To Planning Commission/BOZA

City of Thief River Falls
Community Services
405 3rd Street East – P.O. Box 528
Thief River Falls, MN 56701
218-681-8506

<input type="checkbox"/> REZONING (Fee \$150.00)		<input type="checkbox"/> APPEALS (Fee \$50.00)	
<input checked="" type="checkbox"/> VARIANCE (Fee \$150.00)			
<input type="checkbox"/> LAND SUBDIVISION (Fee \$300.00)			
<input type="checkbox"/> CONDITIONAL USE PERMIT (Fee \$150.00)			
Applicant			
Name Kuznia Builders LLC		Phone # 218-689-2385	
Address 302 Oriole Ave N	City TRF	State MN	Zip 56701
Property Owner (if different from Applicant)			
Name Nexus Church		Phone # 320-267-6517	
Address 246 Kendall Ave N	City TRF	State MN	Zip 56701
Approximate Location of Property			
Address 246 Kendall Ave N		Legal Description Church	
Present Zoning Classification		Present Use Church	
Description of Request Nexus Church needs to add a handicap ramp on the exterior of their building per Minnesota law. The only financially and geographically feasible location is on the South side of the building which is hovering right on the property line. The ramp will be 60" wide and approximately 50' long in order to meet ADA requirements. The ramp will be connected to the Southwest entrance and slope down to the East. A sidewalk will be installed at the end of the ramp and extend to the alleyway which will be approximately 50' long.			

Property Owner Signature (required)		Date 5/19/2025
Applicant Signature [Signature]		Date 5/22/2025
Review (For office use only)		
Date of Publication	Date on Planning Commission Agenda	
Action Taken By Commission:		
Action Taken By City Council:		
City Council Resolution / Ordinance Number		
Fee Paid 5/22/25 CK#1082		

NOTICE OF HEARING
PLANNING COMMISSION
CITY OF THIEF RIVER FALLS

Notice is hereby given pursuant to Chapter 152 of the Thief River Falls ("City") City Code that Blake Kuznia, Kuznia Builders, LLC has applied for a variance on behalf of Nexus Church, 246 Kendall Ave. N., Thief River Falls, MN 56701, to the setback requirements of Sec. 152.025.5.a, General Yard Requirements for R-2 General Residential District.

The real property is legally described as follows: RED LAKE RAPIDS ADDITION LOTS 46 THRU 48 BLK19.

Notice is further given that the Planning Commission will conduct a Hearing on the Variance Request at 5:00 P.M. on Tuesday, June 10, 2025, in the City Council Chambers, City Hall, 405 Third Street East, Thief River Falls, MN 56701.

All persons wishing to comment on the variance request will have the option to be heard at that time. Persons who wish to submit written comments prior to the Hearing or who have questions should address them to the office of the Zoning Administrator, City Hall, P.O. Box 528, Thief River Falls, MN 56701, or telephone 218-681-8506.

If you have a disability and need accommodation in order to attend this hearing, please contact the Zoning Administrator at the above address or phone number.

Dated this 23rd day of May 2025.

CITY OF THIEF RIVER FALLS

/s/ Richard Baker
Zoning Administrator

Published in the Wednesday, May 28, 2025, edition of The Times.



City of Thief River Falls

ECONOMIC / COMMUNITY DEVELOPMENT DIRECTOR

405 Third Street East • PO Box 528
Thief River Falls MN 56701-0528

PHONE: 218-681-8506

FAX: 218-681-8507

email: rbaker@trfinn.gov

www.trfinn.gov

Request for Council Action

DATE: June 17, 2025

SUBJECT: Variance Request – Nexus Church

RECOMMENDATION: It is respectfully requested that the Council consider the following Planning Commission recommendation:

Motion to: Approve a Variance Request Application for Nexus Church, 246 Kendall Ave. N, to City Code, Sec. 152.025.5.a, General Yard Requirements for R-2 General Residential District to install an ADA compliant handicapped access ramp on the south side of the building.

BACKGROUND: Nexus Church needs a handicapped ramp. ADA requirements are a 1:12 ratio, or there is an exception which allows for steeper slopes (up to 1:10 or 1:8) for short distances in certain existing or altered facilities where space constraints exist, but these are not permitted in new construction. The front steps measure 42-1/2 inches high, which means at minimum a 48-foot ramp plus a 5-foot landing midway, for a total length of 53 feet. Even if you use the 1:8, or 1:10 slope ratio, there is not enough room in front of the church and the sidewalk to install the ramp without providing for a switchback, which the design of the front steps doesn't adequately allow for.

The distance between the building and the approximate location of the lot line is 6-1/2 feet. The building to the bushes is 7 feet which is adequately wide enough space to erect a handicapped ramp.

Building a switchback ramp on the front of the church is not very aesthetic and is difficult with the location of the front steps. The north side would require a switchback and contending with MNDOT regulations as that is Highway 59. The east side has AC units and is too close to the alley to allow for a ramp.

This location allows for a ramp that meets ADA requirements and funnels traffic to and from the parking lot.

KEY ISSUES:

Due to church design, location along Hwy 59 (Third Street), and close proximity to the alley, the best location, and really the only location for a handicapped ramp is along the south side of the building sloping eastwardly towards the alley and parking lot.

FINANCIAL CONSIDERATIONS: None.

LEGAL CONSIDERATION: A Public Hearing was held on Tuesday, June 10, 2025, by the Planning Commission to review this request. The Planning Commission subsequently approved the request and forwarded its recommendation on to the Public Works Committee and City Council for final action.

DEPARTMENT/RESPONSIBLE PERSON: Richard Baker, Economic/ Community Development Director

Encl: (7)

CHECKLIST FOR VARIANCE REQUESTS

1. **Applicant (Name/Address/Tel.):** Blake Kuznia, Kuznia Builders, LLC on behalf of Nexus Church, 246 Kendall Ave. N., Thief River Falls. Tel. 218-689-2385
2. **General location of the request:** 248 Kendall Ave. N., TRF
3. **Legal description of the location:** Red Lake Rapids Addition, Lots 46 thru 48, Block 19. PID# 2500622090
4. **This request is for a Variance to** City Code, Sec. 152.025.5.a, General Yard Requirements for R-2 General Residential District.
5. **Adjacent land use:** The adjacent properties in all directions are single family homes. Corner lot with Kendall on the west side, Third Street on north, alley and parking lot to west, and residential on south side.
6. **Adjacent zoning districts:** The location is surrounded by General Residential District (R-2) in all directions.
7. **Is this a personal hardship?** Yes. This is the best solution to meet the 1:12 slope requirements to be ADA compliant
8. **Is this a unique situation?** Yes. Even a 1:10, or 1:8 rise ratio does not work on the front of the church unless the ramp is designed to switchback and that doesn't work well across the front of the church; and on the northside, you would need to comply with MNDOT requirements since the parcel lies along Hwy. 59.
9. **Is this a self-created problem?** No.
10. **Will the Variance create undo hardship on:**
 - A. **The neighborhood?** No.
 - B. **The Comprehensive Plan?** No.
 - C. **The Zoning Ordinance?** No.
11. **Are Wetlands or Shorelands impacted by this request?** No.
12. **Is this a non-conforming use?** No.
13. **Is this a "use" Variance?** Yes.
14. **Without the Variance, is there a viable economic return?** No.
15. **Is there a site plan?** No

COMMENTS

Nexus Church needs a handicapped ramp. ADA requirements are a 1:12 ratio, or there is an exception which allows for steeper slopes (up to 1:10 or 1:8) for short distances in certain existing or altered facilities where space constraints exist, but these are not permitted in new construction. The front steps measure 42-1/2 inches high, which means at minimum a 48-foot ramp plus a 5-foot landing midway, for a total length of 53 feet. Even if you use the 1:8, or 1:10 slope ratio, there is not enough room in the front of the church and the sidewalk to install the ramp without providing for a switchback, which the design of the front steps doesn't adequately allow for.

The distance between the building and the approximate location of the lot line (were the two lots are mowed differently) is 6-1/2 feet. To the bushes is 7 feet.

Building a switchback ramp on the front of the church is not very aesthetic and is difficult with the location of the front steps. The north side would require a switchback and contending with MNDOT regulations as that is Highway 59. The east side has the AC units and is too close to the alley to allow for a ramp.

This location allows for a ramp that meets ADA requirements and funnels traffic to and from the parking lot.

CRITERIA FOR GRANTING VARIANCES

"Practical difficulties" is a legal standard set forth in law that cities must apply when considering applications for variances. It is a three-factor test and applies to all requests for variances. To constitute practical difficulties, all three factors of the test must be satisfied.

1. Reasonableness

The first factor is that the property owner proposes to use the property in a reasonable manner. This factor means that the landowner would like to use the property in a particular reasonable way but cannot do so under the rules of the ordinance. It does not mean that the land cannot be put to any reasonable use whatsoever without the variance. For example, if the variance application is for a building too close to a lot line or does not meet the required setback, the focus of the first factor is whether the request to place a building there is reasonable.

2. Uniqueness

The second factor is that the landowner's problem is due to circumstances unique to the property not caused by the landowner. The uniqueness generally relates to the physical characteristics of the particular piece of property, that is, to the land and not personal characteristics or preferences of the landowner. When considering the variance for a building to encroach or intrude into a setback, the focus of this factor is whether there is anything physically unique about the particular piece of property, such as sloping topography or other natural features like wetlands or trees.

3. Essential character

The third factor is that the variance, if granted, will not alter the essential character of the locality. Under this factor, consider whether the resulting structure will be out of scale, out of place, or otherwise inconsistent with the surrounding area. For example, when thinking about the variance for an encroachment into a setback, the focus is how the particular building will look closer to a lot line and if that fits in with the character of the area.







WINDBLOWN AVE W

2500620390

2500622090

2500621990

2500621890

59

Thief
River
Falls

WINDBLOWN AVE W

2500602360

2500622100

2500622200

2500622300

2500603970

2500604070

2500604320

2500604270

25006017070

Sec. 152.025. - General residential district (R-2).

1. *Purpose.* The purpose of this district is to allow medium density development of five to eight dwelling units per acre with a broad range of housing types.
2. *Permitted uses.*
 - a. *General.* All permitted uses of the R-1 district.
 - b. *Residential.* Accessory apartments and two-family dwellings.
3. *Conditional uses.*
 - a. *General.* All conditional uses of the R-1 district.
 - b. *Residential.* Multi-family dwellings, including townhouses and condominiums, provided that there are no more than four units in a row or in a single building and provided that they are developed on an identified arterial or collector street.
4. *Accessory uses.* All accessory uses of the R-1 district.
5. *Yard requirements.*
 - a. *General yard requirements.*

	One Family	Two Family	Multi Family	Accessory Buildings	All Other Uses
Lot area, minimum sq. ft.	7,000	12,000	18,000		14,000
Lot frontage, minimum at front yard setback	50 feet	75 feet	75 feet		75 feet
Lot frontage for shoreland, minimum at front yard setback					
Sewered lots	75 feet	115 feet	175 feet		75 feet
Unsewered lot	100 feet	150 feet	225 feet		100 feet
Front yard setback	25 feet	25 feet	25 feet	25 feet	25 feet
Rear yard setback	35 feet	35 feet	35 feet	5 feet	35 feet
Side yard setback					

Interior	7 feet	10 feet	10 feet	7 feet Attached 5 feet Detached	
Corner	10 feet	15 feet	15 foot	10 feet	15 feet
Shoreland setback					
Sewered lots	50 feet	50 feet	50 feet	30 feet	50 feet
Unsewered lots	100 feet	100 feet	100 feet	30 feet	100 feet
Sewage treatment system					75 feet

b. *Nongeneral yard requirements.* The above general yard requirements shall apply, except as follows:

- i. Where adjacent structures within the same block have front yard setbacks different from those required, the front yard minimum setback shall be the average of the adjacent structures.

If there is one adjacent structure, the minimum front yard setback shall be the average of the adjacent structure and the required setback. In no case shall the front yard setback be less than 15 feet;

- ii. Where a detached accessory building, with a sidewall height of 10 feet or less, is located entirely within the rear one-half of a lot, the interior side yard setback for that accessory building may be three feet;
- iii. Buffers and essential services shall have no setback requirements, and parking lots shall have no setback requirements except in shoreland;
- iv. Additional yard requirements for signs are set forth in this chapter;
- v. Setbacks for the following uses located within the shoreland shall not be less than:

1) Boat docks:	0 feet.
2) Boathouses:	10 feet.

3) Detached decks:	10 feet.
4) Fences:	0 feet.
5) Gazebos:	10 feet.
6) Parking lots:	30 feet.
7) Pumphouses:	5 feet.
8) Recreational equipment:	10 feet.
9) Satellite dishes:	30 feet.
10) Screen houses:	10 feet.
11) Signs:	5 feet.
12) Storage buildings:	30 feet.

vi. A water-oriented accessory structure may be located on the lot at less setback in conformance with this chapter; and

vii. The lot area shall not be less than 6,000 square feet for each dwelling unit in a multiple family structure having four dwelling units or less and an additional 750 square feet for each dwelling unit over four dwelling units.

6. *Additional restrictions.* Performance standards and supplemental restrictions are set forth in this chapter.

(Ord. No. 107, 3rd Series 5-1-18)

Adoption Date: June 17, 2025

City of Thief River Falls

Pennington County, Minnesota

MODIFICATION TO THE DEVELOPMENT PROGRAM

Development District No. 1

&

Tax Increment Financing (TIF) Plan

Establishment of Tax Increment Financing District No. 1-16:

The Edge

(a workforce housing economic development district)



Prepared by:

Ehlers
3060 Centre Pointe Drive
Roseville, Minnesota 55113

BUILDING COMMUNITIES. IT'S WHAT WE DO.

Modification to the Development Program for Development District No. 1

FOREWORD

The following text represents a Modification to the Development Program for Development District No. 1. This modification represents a continuation of the goals and objectives set forth in the Development Program for Development District No. 1. Generally, the substantive changes include the establishment of Tax Increment Financing District No. 1-16: The Edge.

For further information, a review of the Development Program for Development District No. 1, is recommended. It is available from the Community/Economic Development Director at the City of Thief River Falls. Other relevant information is contained in the tax increment financing plans for the tax increment financing districts located within Development District No. 1.

DEVELOPMENT PROGRAM OVERVIEW

Pursuant to the Development Program and authorizing State statutes, the City is authorized to undertake the following activities in the District:

1. Property to be Acquired - Selected property located within the District, including interior and adjacent street rights of way, may be acquired by the City and is further described in this TIF Plan.
2. Relocation - Relocation services, to the extent required by law, are available pursuant to *M.S., Chapter 117* and other relevant State and federal laws.
3. Upon approval of a developer's plan relating to the project and completion of the necessary legal requirements, the City may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.
4. The City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.
5. The City proposes both public and private infrastructure within the District. The proposed reuse of private property within the District will be for rental housing to address the workforce housing needs in the community, and there will be continued operation of Development District No. 1 after the capital improvements within Development District No. 1 have been completed.

DESCRIPTION OF PROPERTY IN THE DISTRICT AND PROPERTY TO BE ACQUIRED

The District encompasses all property and adjacent roads rights-of-way and abutting roadways identified by the parcels listed below.

Parcel number	Address	Owner
25.0011.27.51	3001 Sanford Pkwy.	Sanford Medical

The City may acquire property by gift, dedication, condemnation or direct purchase from willing sellers in order to achieve the objectives of this TIF Plan. Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs.

The City does not currently own the parcel of the property to be included in the District.

DISTRICT CLASSIFICATION

The City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1794*, as amended, inclusive, finds that the District, to be established, is an economic development district pursuant to *M.S., Section 469.174, Subd. 12*.

The District is in the public interest because it satisfies the requirements of a workforce housing project under Section 469.176, Subdivision 4c, paragraph (d).

Pursuant to *M.S., Section 469.176, Subd. 4c*, revenue derived from tax increment from an economic development district may not be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities, if more than 15% of the buildings and facilities (determined on the basis of square footage) are used for a purpose other than:

1. The manufacturing or production of tangible personal property, including processing resulting in the change in condition of the property;
2. Warehousing, storage, and distribution of tangible personal property, excluding retail sales;
3. Research and development related to the activities listed in items (1) or (2);
4. Telemarketing if that activity is the exclusive use of the property; or
5. Tourism facilities;
6. Space necessary for and related to the activities listed in items (1) to (5); or

In any year in which the current Net Tax Capacity (NTC) value of the District declines below the ONTC, no value will be captured and no tax increment will be payable to the City.

The original local tax rate for the District will be the local tax rate for taxes payable 2025, assuming the request for certification is made before June 30, 2025. The rates for Pay 2025 were not available at the time the District was established. The ONTC and the Original Local Tax Rate for the District appear in the table below.

Pursuant to *M.S., Section 469.174 Subd. 4 and M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within Development District No. 1, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The City requests 100% of the available increase in tax capacity be used for repayment of the obligations of the City and current expenditures. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Tax Capacity	
Development estimated Tax Capacity upon completion	119,750
Original estimated Net Tax Capacity	247
Fiscal Disparities	0
Estimated Captured Tax Capacity	119,503
Original Local Tax Rate	136.6800% Pay 2024
Estimated Annual Tax Increment	\$163,337
Percent Retained by the City	100%

Note: Tax capacity includes a 4% inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 9. The tax capacity of the District in year one is estimated to be \$87,500.

Pursuant to *M.S., Section 469.177, Subd. 4*, the City shall, after a due and diligent search, accompany its request for certification to the County Auditor or its notice of the District enlargement pursuant to *M.S., Section 469.175, Subd. 4*, with a listing of all properties within the District or area of enlargement for which building permits have been issued during the eighteen (18) months immediately preceding approval of the TIF Plan by the municipality pursuant to *M.S., Section 469.175, Subd. 3*. The County Auditor shall increase the original net tax capacity of the District by the net tax capacity of improvements for which a building permit was issued.

USES	
Land/Building Acquisition	\$ -
Site Improvements/Preparation	550,000
Affordable Housing	-
Utilities	-
Other Qualifying Improvements	332,676
Administrative Costs (up to 10%)	125,807
PROJECT COSTS TOTAL	\$ 1,008,483
Interest	375,393
PROJECT AND INTEREST COSTS TOTAL	\$ 1,383,876

The total project cost, including financing costs (interest) listed in the table above does not exceed the total projected tax increments for the District as shown in the Sources of Revenue section.

Estimated capital and administrative costs listed above are subject to change among categories by modification of the TIF Plan without hearings and notices as required for approval of the initial TIF Plan, so long as the total capital and administrative costs combined do not exceed the total listed above. Further, the City may spend up to 20% of the tax increment revenues from the District for activities (described in the table above) located outside the boundaries of the District but within the boundaries of the Development District No. 1 (including administrative costs, which are considered to be spend outside the District), subject to all other terms and conditions of this TIF Plan.

ESTIMATED IMPACT ON OTHER TAXING JURISDICTIONS

The estimated impact on other taxing jurisdictions assumes that the redevelopment contemplated by the TIF Plan would occur without the creation of the District. However, the City has determined that such development or redevelopment would not occur "but for" tax increment financing and that, therefore, the fiscal impact on other taxing jurisdictions is \$0. The estimated fiscal impact of the District would be as follows if the "but for" test was not met:

The probable impact of the District on fire protection is not expected to be significant. Typically, new buildings generate few calls, if any, and are of superior construction. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The impact of the District on public infrastructure is expected to be minimal. The development is not expected to significantly impact any traffic movements in the area. The current infrastructure for sanitary sewer, storm sewer and water will be able to handle the additional volume generated from the proposed development. Based on the development plans, there are no additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks.

The probable impact of the issuance of any general obligation tax increment bonds payable from tax increment revenues from the District on the City's ability to issue debt for general fund purposes is expected to be minimal. It is not anticipated that there will be any general obligation debt issued in relation to this project, therefore there will be no impact on the City's ability to issue future debt or on the City's debt limit.

- (3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is \$254,265;
- (4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is \$508,447;
- (5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S., Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

No requests for additional information from the county or school district regarding the proposed development for the District have been received.

Appendix A: Map of Development District No. 1 and the TIF District

Appendix B: Estimated Cash Flow for the District

The Edge. 4% Inflation
City of Thief River Falls, MN
65 Units of workforce, rental housing



PROJECT INFORMATION (Project Tax Capacity)										
Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed	First Year Full Taxes Payable
TOTAL	Rental Housing	107,592	107,592	65	7,000,000	Rental	87,500	1,346	100%	2028
Subtotal Residential				65	7,000,000		87,500		100%	
Subtotal Commercial/Ind.				0	0		0		100%	

Note:

1. Market values are based upon estimates from the County Assessor dated March 10, and confirmed with other comparable projects.

TAX CALCULATIONS						
	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Property Taxes	State-wide Property Taxes	Market Value Taxes
New Use	87,500	0	87,500	119,595	0	8,490
Rental Housing	87,500	0	87,500	119,595	0	8,490
TOTAL	175,000	0	175,000	239,190	0	16,980

Note:

1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

2. If tax increment is received in 2026, then the district will be one year shorter.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	128,085
less State-wide Taxes	0
less Fiscal Dispar. Adj.	0
less Market Value Taxes	(8,490)
less Base Value Taxes	(337)
Annual Gross TIF	119,258

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	19,737
New Market Value - Est.	7,000,000
Difference	6,980,263
Present Value of Tax Increment	844,004
Difference	6,136,259
Value likely to occur without Tax Increment is less than:	6,136,259

Appendix C: Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for Tax Increment Financing District No. 1-16: The Edge as required pursuant to *Minnesota Statutes (M.S.), Section 469.175, Subd. 3* are as follows:

1. *Finding that Tax Increment Financing District No. 1-16: The Edge is an economic development district as defined in M.S., Section 469.174, Subd. 12.*

Tax Increment Financing District No. 1-16: The Edge is a contiguous geographic area within the City's Development District No. 1, delineated in the TIF Plan, for the purpose of financing economic development in the City through the use of tax increment. The District is in the public interest because it will facilitate the development of 65 units of workforce, rental housing in the City. This project will provide safe, affordable housing for the community, increase employment in the State and preserve and enhance the tax base of the State.

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of Tax Increment Financing District No. 1-16: The Edge permitted by the TIF Plan.*

The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future: This finding is supported by the fact that the development proposed in this plan is 65 units of workforce, rental housing, which meets the City's objectives for economic development. The cost of land acquisition, and related site improvements necessary to maximize development potential, makes development of the facility infeasible without City assistance. The Developer was asked for and provided a letter and a proforma as justification that the developer would not have gone forward without tax increment assistance.

The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed

Appendix D: Letter of Support



P 218.681.6674
F 218.681.3388
TF 800.344.4539

701 Brooks Ave. South
Thief River Falls, MN 56701
digikey.com

April 30, 2025

Richard Baker
Community/Economic Development Director
City of Thief River Falls

RE: Housing Needs in the City of Thief River Falls

Dear Richard:

On behalf of DigiKey, I am offering support for Tax Increment Financing (TIF) to assist with the development of the Edge multi-family housing project in Thief River Falls.

DigiKey employs approximately 3,800 people in Thief River Falls and with a combination of growth and attrition will hire approximately 300-400 employees every year. This need, along with a housing shortage defined through a housing study completed in 2024, defines the shortage and need for additional housing.

This lack of available rental housing has impeded the ability of DigiKey to recruit and hire employees. This 65-unit housing project will help provide a solution to this critical housing shortage.

Feel free to call with any questions.

Thank you.

Sincerely,

A handwritten signature in black ink that reads "Dave Doherty". The signature is written in a cursive, flowing style.

Dave Doherty
President

Comprehensive Housing Needs Analysis For the City of Thief River Falls, Minnesota

Prepared For:
City of Thief River Falls
Thief River Falls, Minnesota

May 2024



Maxfield
Research & Consulting

901 Twelve Oaks Center Dr
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Wayzata, MN 55391
612.338.0012

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EXECUTIVE SUMMARY

- In 2021, an estimated 63% of the renter-occupied households in the City of Thief River Falls were one-person households, compared to only 29% of owner-occupied households. The largest proportion of owner households were two-person households (39.5%).
- Nearly 93% of the population in Thief River Falls reported their race as White Alone. In addition, nearly 6% of the City's population reported their ethnicity to be Hispanic.
- Although most residents did not move within the last year (86%) in Thief River Falls, among those that did move it was most likely to be within the same county (9.5%).

Employment Trends

- Between 2010 and 2019, employment in the Northwest Minnesota Planning Area, which contains Thief River Falls increased by 15,677 from 207,558 to 223,235 (7.6%).
- Between 2010 and 2022, average covered employment (place of work employment) rose by 48% (2,832) in Thief River Falls. The increase in employment is primarily attributed to the Trade, Transportation and Utilities Industry where employment increased by 42% during the same period. The Education and Health Services industry has also accounted for a significant increase in employment.
- The unemployment rates in Thief River Falls and Pennington County decreased rapidly in the post-pandemic recovery.
- The Trade, Transportation and Utilities Sector accounted for an estimated 55% of jobs in the PMA as of the 1st Quarter 2023, with an average weekly wage of \$1,160.
- The most common work destination among Thief River Falls residents was within the City of Thief River Falls (73.5%).
- The City of Thief River Falls can be considered an importer of workers, as the number of workers coming into the City (4,982) for employment was higher than the number of residents leaving the City for work (1,236).

Housing Characteristics

- Pennington County issued permits for the construction of 1,047 new residential units from 2000 to 2022. Of the number of units built from permits issued, 43% were single-family homes and 56% were multifamily units.
- The median year built of owned housing in the Market Area was 1968 compared to a median year built of 1977 for rental housing in the Market Area. As a result, the existing housing stock is "older" as new construction (post 2010) accounts for a somewhat smaller share of the overall housing stock.

EXECUTIVE SUMMARY

- Vacancy rates are low for active adult housing, 1.1%, but are much higher for assisted living housing at nearly 30%. The pandemic caused vacancy rates to rise among all assisted living facilities across Minnesota and recovery has been slow. Gradually vacancy rates in assisted living facilities are decreasing but challenges with finding adequate staff to provide care continues to contribute to higher vacancy rates. Facilities cannot lease more units than they have staff to provide care to residents.

For-Sale Housing Market Analysis

- The median sales price of homes in Pennington County have risen 105% from 2012 (\$84,900) to 2023 (\$174,000), according to the Minnesota Association of Realtors Annual Report.
- In 2023, half of resales in the Secondary Market Area (288 resales) occurred in Pennington County (144 resales) according to the Minnesota Association of Realtors Annual Report.
- Thief River Falls generated 79% of Pennington County sales from 2017 to 2023.
- Over half of the 2023 single family home sales were priced between \$100,000 and \$200,000.
- There were 38 active single family home listings in October 2023. One-story and one and half story homes presented 80% of all active listings. These listings also had the lowest average listing prices and average square feet of \$161,020 and 1,443 square feet for one and half story homes and \$213,613 and 1,864 square feet for one story homes.
- There are 217 lots in newer subdivisions in the Thief River Falls, with 76 vacant lots remaining in those newer subdivisions.
- Lots in newer subdivisions averages 0.52 acres, with an averaged assessed land value of \$28,395 and home value of \$271,414.
- There were two actively marketing subdivisions outside the city limits of Thief River Falls. These subdivisions had larger lots, averaging 1.96 acres, compared to those newer subdivisions within the city limits.

Housing Affordability

- About 16% of owner households and 38% of renter householders are estimated to be paying more than 30% of their income for housing costs in the City of Thief River Falls. The Remainder of the Market Area cost burdened households are 15% for owner households and 34% for renter households.

EXECUTIVE SUMMARY

RECOMMENDED HOUSING DEVELOPMENT				
CITY OF THIEF RIVER FALLS				
2024 to 2035				
	Purchase Price/ Monthly Rent Range ¹	No. of Units	Development Timing	
Owner-Occupied Homes				
Single Family				
Entry-level	<\$225,000	95 - 100	Ongoing	
Move-up	\$225,000 - \$350,000	120 - 125	Ongoing	
Executive	\$375,000+	65 - 70	Ongoing	
Total		280 - 295		
Townhomes/Twinhomes/Detached Townhomes/Villas				
Entry-level	<\$180,000	65 - 70	Ongoing	
Move-up	\$200,000 - \$300,000	60 - 65	Ongoing	
Executive	\$300,000+	30 - 35	Ongoing	
Total		155 - 170		
Total Owner-Occupied		435 - 465		
General Occupancy Rental Housing				
Market Rate Rental Housing				
Apartment-style (moderate)	\$775/1BR - \$1,250/3BR	75 - 80	2025+	
Apartment-style (move up)	\$850/Eff - \$1,400/3BR	65 - 70	2027+	
Townhomes (move up)	\$1,400/2BR - \$1,800/3BR	35 - 40	2025+	
Total		175 - 190		
Affordable Rental Housing				
Apartment-style	Moderate Income ²	50 - 60	2024+	
Townhomes	Moderate Income ²	30 - 35	2024+	
Subsidized	30% of Income ³	30 - 40	2024+	
Total		110 - 135		
Total Renter-Occupied		285 - 325		
Senior Housing (i.e. Age Restricted)				
Senior Cooperative(s)	\$75,000+	80 - 90	2024+	
Active Adult Market Rate Rental ⁴	\$1,200/1BR - \$1,500/2BR+Den	80 - 90	2024+	
Active Adult Affordable Rental ⁴	Moderate Income ³	125 - 130	2024+	
Independent Living/Congregate	\$1,750/1BR - \$2,800+/2BR	110 - 120	2025+	
Assisted Living	\$3,000/Eff - \$5,500/2BR	40 - 50	2028+	
Memory Care	\$4,000/EFF - \$6,000/2BR	50 - 60	2024+	
Total		485 - 540		
Total - All Units		1,205 - 1,330		
¹ Pricing in 2024 dollars. Pricing can be adjusted to account for inflation.				
² Affordability subject to income guidelines per Minnesota Housing Finance Agency (MHFA). See Table HA-1 for Pennington County Income limits.				
³ Subsidized housing will be difficult to develop financially. Hence, some demand moved from subsidized to affordable				
⁴ Alternative development concept is to combine active adult affordable and market rate active adult into mixed-income senior communities.				
Source: Maxfield Research & Consulting, LLC.				



City of Thief River Falls

ECONOMIC / COMMUNITY DEVELOPMENT DIRECTOR

405 Third Street East • PO Box 528
Thief River Falls MN 56701-0528

PHONE: 218-681-8506
FAX: 218-681-8507
email: rbaker@trfmm.gov
www.trfmm.gov

Request for Council Action

DATE: June 17, 2025

SUBJECT: Establishment of TIF District 1-16

RECOMMENDATION: It is respectfully requested that the Council consider the following recommendation:

Motion to: approve the City's proposed adoption of a Modification to the Development Program for Development District No. 1 (the "Development District"), the proposed establishment of Tax Increment Financing District No. 1-16: The Edge (a workforce housing economic development tax increment financing district) (the "TIF District") within the Development District, and the proposed adoption of a Tax Increment Financing Plan (the "TIF Plan") therefor (collectively, the "Modification and Plan"), pursuant to Minnesota Statutes, 469.124 to 469.133 and Sections 469.174 to 469.1794, all inclusive, as amended. Copies of the Modification and Plan are on file and available for public inspection at the office of the Community/Economic Development Director at City Hall.

BACKGROUND: The city received an application for tax increment assistance from D.W. Jones to assist with the development of a 65-unit apartment complex. The proposed project will be located on approximately 5.07 acres that D.W. Jones is purchasing from Sanford Health Network North. The TIF will be used to assist with the site improvements and preparation and provide for the development of workforce housing and would have a maximum term of nine years of TIF Assistance.

The Proposed project is anticipated to have a completed market value of \$7 million or \$107,692 per unit. It is estimated to generate approximately \$962,500 in net tax increment over the nine-year-term, or approximately \$107,000 annually. The actual annual increment will be based on the annually assessed market value and tax rate. The city will retain 10% for administration of the district.

A public Hearing was held at approximately 5:30 pm at the May 6, 2025, City Council meeting.

KEY ISSUES:

- The City needs housing, and with current market conditions, the cost of construction is prohibitive without financial assistance.
- But for the city's assistance in financing this project, this development would not occur.

FINANCIAL CONSIDERATIONS: Legal costs associated with the establishment of the TIF District 1-16, and subsequent TIF Agreement will be paid for by the developer through the establishment of an escrow account with the city.

LEGAL CONSIDERATION: Attorney Grant Turpin, Dorsey & Whitney, LLP. Attorney fees paid from escrow account for Edge Development.

DEPARTMENT/RESPONSIBLE PERSON: Richard Baker, Economic/ Community Development Director

Encl: (2)



City of Thief River Falls

PLANNING & ZONING COMMISSION

CITY HALL
405 Third Street East • PO Box 528
Thief River Falls MN 56701-0528

PHONE: 218-681-8506
FAX: 218-681-8507

Richard Baker
Economic/Community Development Director
City of Thief River Falls
405 3rd Street East
PO Box 528
Thief River Falls, MN 56701

June 10, 2025

Re: Written Opinion regarding TIF 1-16

Mr. Baker—

The Planning Commission (the “Commission”) of the City of Thief River Falls, Minnesota (the “City”), has received from the City a Modification to the Development Program for Development District No. 1 (the “Development Program Modification”) and a Tax Increment Financing Plan for Tax Increment Financing District No. 1-16 (the “TIF Plan”) (the Development Program Modification and the TIF Plan are referred to collectively herein as the “Program and Plan”).

The Commission understands it is being asked by the City to review the Program and Plan pursuant to Minnesota Statutes, Section 469.028 and Minnesota Statutes, Section 469.175, Subd. 3, and provide its written opinion on whether the Program and Plan conform to the general plan for the development or redevelopment of the City as a whole.

The Commission has reviewed the Program and Plan to determine their conformity with the general plans for the development and redevelopment of the City as described in the comprehensive plan for the City.

It is our opinion that Program and Plan **[do not conform]** **[conform]** to the general plans for the development and redevelopment of the City as a whole.

Sincerely,

Richard Sjoberg

Planning Commission of the
City of Thief River Falls, Minnesota

Its: Chair