



Board of County Commissioners Agenda Request

2W

Agenda Item #

Requested Meeting Date: January 28, 2025

Title of Item: Tax Abatement Extension- INH Bunker Hills

<input type="checkbox"/> REGULAR AGENDA <input checked="" type="checkbox"/> CONSENT AGENDA	Action Requested: <input type="checkbox"/> Approve/Deny Motion <input checked="" type="checkbox"/> Adopt Resolution (attach draft) <input type="checkbox"/> Hold Public Hearing <i>*provide copy of hearing notice that was published</i>	<input type="checkbox"/> Direction Requested <input type="checkbox"/> Discussion Item <input type="checkbox"/> Information Only
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Submitted by: Mark Jeffers	Department: Economic Development
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Presenter (Name and Title): Mark Jeffers, Economic Development Coordinator	Estimated Time Needed:
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Summary of Issue:

INH Properties have issued a letter requesting an extension of commencement and completion dates of the tax increment financing for the Bunker Hills 44-unit workforce housing complex.

The Board of Commissioners approved a resolution on August 22, 2023 for tax rebate financing of the project for taxes payable over a maximum term of twenty (20) years, commencing with taxes payable in 2026 and ending with taxes payable in 2045.

Because of various delays the project is now expected to start construction in spring of 2025, with a fall 2026 completion.

This request is to extend the dates of the tax rebate financing of the project for taxes payable over a maximum of twenty (20) years, commencing with taxes payable in 2027 and ending with taxes payable in 2046.

The County Attorney was consulted and finds this appropriate to extend.

Alternatives, Options, Effects on Others/Comments:

Recommended Action/Motion:
Adopt a resolution to approve the date extension

Financial Impact:

Is there a cost associated with this request? Yes No

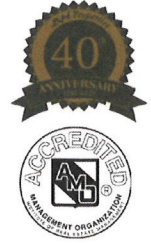
What is the total cost, with tax and shipping? \$

Is this budgeted? Yes No *Please Explain:*



INH Properties
Stoebe, Illies, Nothnagel & Co.
Established 1981

Michael J. Stoebe, CPM®, Primary Broker/Principal
James E. Illies, CPM®, CCIM, Principal
Primary Broker – Hamilton INH Mgt.
Ryan Nothnagel, CPM®, CCIM, Principal



Sent Via Email

November 25, 2025

City of Aitkin
130 Southgate Drive, Suite 200
Aitkin, MN 56431

RE: RE: Bunker Hills Housing of Aitkin, LLC
Parcel ID: 56-1-179500

Dear City of Aitkin,

On behalf of Bunker Hills Apartments, LLC and INH Properties, this letter serves to update you on the status of our proposed development. We appreciate the City and County's support and approval of a Tax Abatement for the purpose of assisting with this multi-family housing project. As you are aware, MHFA recently awarded the WHDP Deferred Loan to the City for the Bunker Hills Apartment development, which is another key component in making this project feasible.

Even with the above subsidies, we have encountered unanticipated challenges in both the debt and equity markets as we have attempted to launch this development. We need to ensure that our proposed community will be financially viable and that we can provide the high-quality building and services that our residents expect and deserve, while offering reasonable returns for the risk taken by investors and lenders. Consequently, we have been exploring additional incentive programs including IRRRB and the potential of adding dedicated units for home daycare operation. As an alternative to conventional bank financing, we have been working with our mortgage broker to underwrite a USDA loan program, which we have recently closed on in another rural market, making that development possible.

Growth Innovations, current site owner, has been very accommodating through this process, and is currently in the process of IRRRB Grant Application for the benefit of site preparation work necessary for the apartment build. This application and award timing is estimated to be through March 2025. Consequently, we would not be able to commence any work until this award was made and work to be performed as the weather permits. Simultaneously, we would complete the underwriting with the USDA Loan Program, which can also take up to 6 months to complete. This would put us into a summer 2025 construction start, with a completion date of late 2026 for the 44-unit phase 1 of this project.

This letter serves as a request to extend the Tax Abatement Agreement to accommodate this timeline. Thank you for your understanding and consideration of this request.

Sincerely,

James E. Illies, CPM®, CCIM
Vice President, INH Properties

CC: County of Aitkin
Growth Innovations

CERTIFIED COPY OF RESOLUTION OF COUNTY BOARD OF AITKIN COUNTY, MINNESOTA

ADOPTED January 28, 2025

By Commissioner: xxx

20250128-xxx

APPROVE TAX ABATEMENT EXTENSION INH PROPERTIES WORKFORCE HOUSING

WHEREAS, a resolution was passed on August 22, 2023, approving tax rebate financing to INH Properties (hereinafter Property Developer) to construct a 44-unit workforce rental housing complex; and

WHEREAS, Property Developer requested Tax Rebate Financing from the County of Aitkin for taxes payable to the County of Aitkin over a maximum term of twenty (20) years, commencing with taxes payable in 2026 and ending with taxes payable in 2045; and

WHEREAS, Aitkin County and the City of Aitkin have received a letter requesting an extension and modification of the commencement and completion dates of the tax rebate financing; and Property Developer requested Tax Rebate Financing from the County of Aitkin for taxes payable to the County of Aitkin over a maximum term of twenty (20) years, commencing with taxes payable in 2026 and ending with taxes payable in 2045; and

NOW, THEREFORE BE IT RESOLVED that the Aitkin County Board of Commissioners approves the Tax Rebate Financing Extension for INH Properties. Tax Rebate Financing from the County of Aitkin for taxes payable to the County of Aitkin over a maximum term of twenty (20) years, commencing with taxes payable in 2027 and ending with taxes payable in 2046. Tax Rebate Financing for this project is 90% tax abatement

Commissioner xxx seconded the adoption of the resolution and it was declared adopted upon the following vote

xxx MEMBERS PRESENT

All Members Voting xxx

**STATE OF MINNESOTA}
COUNTY OF AITKIN}**

I, Jessica Seibert, County Administrator, Aitkin County, Minnesota do hereby certify that I have compared the foregoing with the original resolution filed in the Administration Office of Aitkin County in Aitkin, Minnesota as stated in the minutes of the proceedings of said Board on the 28th day of January 2025, and that the same is a true and correct copy of the whole thereof.

Witness my hand and seal this 28th day of January 2025

Jessica Seibert
County Administrator

APPROVE TAX ABATEMENT INH PROPERTIES WORKFORCE HOUSING

WHEREAS, INH Properties, (hereinafter Property Developer), has filed an application for Tax Rebate Financing pursuant to Minnesota Statute Sections 469.1812 to 469.1815 (Tax Abatement) to construct 44-units of new workforce rental housing (the "Project") located on the ("Abatement Property") and identified by parcel identification number 56-1-179500, all pursuant to Minnesota Statutes, Sections 469.1812 through 469.1815; and

WHEREAS, the Tax Rebate Financing will be in the form of a rebate of taxes paid by Property Developer to the County of Aitkin on parcel# 56-1-179500, commencing with taxes payable in 2026; and

WHEREAS, Property Developer's application meets the Criteria for awarding Tax Abatement Financing (TAF) in the TAF Policy for Aitkin County, Minnesota, including increasing the tax base and providing additional employment and housing opportunities in Aitkin County; and

WHEREAS, Property Developer has requested Tax Rebate Financing from the County of Aitkin for taxes payable to the County of Aitkin over a maximum term of twenty (20) years, commencing with taxes payable in 2026 and ending with taxes payable in 2045; and

WHEREAS, Property Developer's application is not considered a business subsidy pursuant to Minnesota Statutes, Section 116J.993; and

WHEREAS, The County agrees that it will annually pay to the City the County Tax Abatements at such times as the City is required to make its abatement payment to the Property Developer under the City Abatement Agreement. The City will use the County Tax Abatements paid to the City to, along with the City's tax abatement, reimburse the Property Developer's for the Developers payment of project costs; and

WHEREAS, a public hearing was conducted on the Tax Rebate Financing application from Property Developer on August 22, 2023, 10:30am, at the Aitkin County Government Center Board Room, pursuant to Minnesota Statutes, Sections 469.1812 - 1815, and 116J.993; and

NOW, THEREFORE BE IT RESOLVED that the Aitkin County Board of Commissioners approves the Tax Rebate Financing for INH Properties. Tax Rebate Financing from the County of Aitkin for taxes payable to the County of Aitkin over a maximum term of twenty (20) years, commencing with taxes payable in 2026 and ending with taxes payable in 2045. Tax Rebate Financing for this project is 90% tax abatement.

Commissioner Westerlund seconded the adoption of the resolution and it was declared adopted upon the following vote

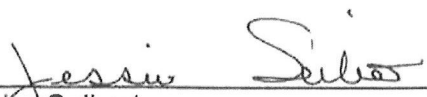
FIVE MEMBERS PRESENT

All Members Voting YES

STATE OF MINNESOTA}
COUNTY OF AITKIN}

I, Jessica Seibert, County Administrator, Aitkin County, Minnesota do hereby certify that I have compared the foregoing with the original resolution filed in the Administration Office of Aitkin County in Aitkin, Minnesota as stated in the minutes of the proceedings of said Board on the 22nd day of August 2023, and that the same is a true and correct copy of the whole thereof.

Witness my hand and seal this 22nd day of August 2023



Jessica Seibert
County Administrator