



**Request for City Council Committee Action
from the Department of Community Planning and Economic Development-CPED**

Date: May 15, 2012

To: Council Member Lisa Goodman, Chair, Community Development Committee

Subject: Addition of parcels to Minneapolis Housing Replacement Tax Increment Financing District III

Recommendation: Adopt the attached resolution adding 128 parcels to the Minneapolis Housing Replacement Tax Increment Financing District III (HRD III), 71 of which are to be counted against the 200 available "tornado" slots, and adding area to an existing HRD III parcel at 2518 14th Avenue South.

Previous Directives:

On August 9, 1996, the City Council approved the first Housing Replacement District (HRD) Plan. On August 22, 2003, the City Council approved the HRD II Plan. There were subsequent City Council actions approving the addition and deletion of parcels in HRDs I and II. On July 11, 2008, the City Council approved special legislation increasing the number of parcels that may be included in HRDs and authorizing the City to use tax increment revenue derived from the districts for eligible purposes anywhere within the city. On December 8, 2009, the City Council approved the HRD III Plan, Modification No. 1 to the HRD Plan and Modification No. 1 to the HRD II Plan. On April 27, 2011, the City Council approved the addition of parcels to HRD III and the deletion of parcels from HRDs II and III. On October 7, 2011, the City Council approved special legislation authorizing up to 200 additional HRD parcels within the area affected by the May 22, 2011 tornado.

Department Information

Prepared by: Edith Johnson, Senior Project Coordinator, x5262
Approved by: Charles T. Lutz, Deputy Director, CPED _____
Thomas Streitz, Director, Housing Policy & Development _____
Presenter in Committee: Edith Johnson, Senior Project Coordinator

Financial Impact

- No financial impact

Community Impact

- Neighborhood Notification: Not Applicable
- City Goals: A Safe Place to Call Home; Livable Communities, Healthy Lives
- Comprehensive Plan:
 - Policy 3.1: Grow by increasing the supply of housing.
 - Policy 3.3: Increase housing that is affordable to low and moderate income households.

- Policy 3.7: Maintain the quality, safety and unique character of the city’s housing stock.
- The City Planning Commission found the Housing Replacement District Plans to be consistent with the comprehensive plan.

Supporting Information

A Housing Replacement District (HRD) is a type of tax increment financing district authorized by special legislation originally enacted by the Minnesota Legislature in 1995 and amended in 1996, 1997, 2002, 2008, 2010 and 2011. HRDs have as their sole purpose the acquisition and preparation of parcels for sale for the development of market rate housing, which is defined as housing that has a market value that does not exceed 150 percent of the average market value of single-family housing in the city.

HRD Plans identify parcels that consist of vacant land, vacant housing or substandard housing, and authorize acquisition, demolition, occupant relocation, site preparation and pollution remediation, as necessary, in order to sell the parcels for development of new or rehabilitated market rate housing. The Plans also authorize the use of tax increment revenues for acquisition and preparation of vacant land, vacant housing or substandard housing parcels located outside the HRDs, for redevelopment as market rate housing.

There are three Minneapolis HRDs, approved by the City Council in 1996, 2003 and 2009. The second and third districts were established after time limits for expanding existing districts were reached and as the special legislation was amended to allow greater numbers of parcels to be included in HRDs. The current maximum number of parcels that may be included in Minneapolis HRDs is 700, including 200 parcels authorized by special legislation as described in the following paragraph. As parcels have been added to and deleted from HRDs since 1996, 385 of the 700 “slots” have been used, leaving the capacity for an additional 315 parcels to be placed in an HRD.

Following the May 22, 2011 tornado, the Legislature enacted special legislation authorizing the City to “designate up to 200 additional parcels, on a onetime basis, within the area of the city of Minneapolis designated by the Presidential declaration of major disaster FEMA-1990-DR” (2011 Laws of Minnesota First Special Session, Chapter 7, Article 5, Section 11). The FEMA-1990-DR disaster declaration of June 7, 2011 included all of Hennepin and Anoka Counties within the declaration area. The identification of parcels to be counted against the 200 additional slots is therefore based on the date of acquisition (after June 7, 2011) rather than a geographic location.

Two lists of parcels to be added to HRD III appear below. Parcels to be counted against the 200 additional “tornado slots” are listed first. There are 71 such parcels, and therefore 71 of the 200 slots allocated for parcels in the tornado area will be used. The City may pursue legislation to remove the limitation contained within the special legislation referring to designating up to 200 additional parcels “on a onetime basis”, so that the remaining 129 “tornado slots” may be used in the future. The City is not able to designate all 200 tornado parcels at this time, due to limitations on financial resources available for acquisition of eligible properties.

Added Parcels (71) to be Counted Against the 200 “Tornado Slots”

Property ID No.	Address
01-028-24-14-0075	3216 30 th Avenue South
01-028-24-43-0052	3626 28 th Avenue South
02-028-24-14-0115	3301 17 th Avenue South
02-028-24-32-0045	3412 Columbus Avenue South
03-028-24-14-0147	3304 Clinton Avenue South
03-028-24-14-0155	3309 3 rd Avenue South
03-028-24-14-0174	3324 4 th Avenue South
04-029-24-21-0207	4330 Logan Avenue North
04-029-24-33-0132	3758 Penn Avenue North
04-029-24-41-0031	3963 Colfax Avenue North
04-029-24-41-0195	3830 Colfax Avenue North

04-029-24-41-0230	3850 Dupont Avenue North
04-029-24-42-0198	3818 Fremont Avenue North
04-029-24-43-0167	3654 Girard Avenue North
04-029-24-43-0174	3637 Emerson Avenue North
05-029-24-11-0135	4211 Queen Avenue North
05-029-24-14-0080	4130 Sheridan Avenue North
08-029-24-41-0098	2915 Penn Avenue North
08-029-24-41-0113	2946 Queen Avenue North
09-029-24-11-0114	3543 Lyndale Avenue North
09-029-24-12-0046	3500 Humboldt Avenue North
09-029-24-12-0109	3418 Girard Avenue North
09-029-24-21-0139	3526 Logan Avenue North
09-029-24-21-0149	3510 Knox Avenue North
09-029-24-23-0132	3238 Morgan Avenue North
09-029-24-31-0202	2958 Knox Avenue North
09-029-24-32-0135	3015 Morgan Avenue North
09-029-24-32-0146	3100 Newton Avenue North
09-029-24-32-0170	2939 Morgan Avenue North
09-029-24-32-0173	2930 Newton Avenue North
09-029-24-33-0069	2727 Morgan Avenue North
09-029-24-33-0205	2610 Oliver Avenue North
09-029-24-33-0224	2624 Penn Avenue North
09-029-24-44-0044	2615 Lyndale Avenue North
09-029-24-44-0045	2611 Lyndale Avenue North
10-029-24-11-0100	2730 Grand Street NE
10-029-24-22-0025	3522 4 th Street North
11-118-21-23-0072	5036 Vincent Avenue North
12-028-24-12-0077	3849 25 th Avenue South
14-029-24-13-0039	1315 Washington Street NE
14-029-24-22-0158	1423 University Avenue NE
16-029-24-12-0181	2509 Girard Avenue North
16-029-24-13-0109	2213 Fremont Avenue North
16-029-24-14-0122	2204 Dupont Avenue North
16-029-24-14-0125	2218 Dupont Avenue North
16-029-24-22-0037	2522 Penn Avenue North
16-029-24-23-0078	2110 21 st Avenue North
16-029-24-23-0124	1927 Oliver Avenue North
16-029-24-24-0015	2212 Irving Avenue North
16-029-24-24-0024	2114 Irving Avenue North
16-029-24-24-0052	1522 Hillside Avenue
16-029-24-24-0092	1551 Hillside Avenue
16-029-24-24-0199	2001 James Avenue North
16-029-24-31-0095	1822 James Avenue North
16-029-24-34-0069	1332 Knox Avenue North
16-029-24-42-0010	1819 Girard Avenue North
17-029-24-11-0154	2413 Penn Avenue North
17-029-24-13-0163	2014 Upton Avenue North
17-029-24-14-0039	2027 Queen Avenue North
17-029-24-14-0092	2014 Sheridan Avenue North
17-029-24-14-0196	2214 Russell Avenue North
17-029-24-41-0094	1632 Sheridan Avenue North
17-029-24-41-0148	1631 Sheridan Avenue North
17-029-24-42-0041	1600 Upton Avenue North
21-029-24-21-0008	1134 Irving Avenue North
21-029-24-21-0062	1215 Irving Avenue North
35-029-24-13-0386	2447 14th Avenue South
35-029-24-41-0252	2615 17 th Avenue South

35-029-24-42-0115	1405 East 26 th Street
35-029-24-42-0119	1401 East 26 th Street
35-029-24-42-0284	2601 13 th Avenue South

Added Parcels (57) Not to be Counted Against the 200 “Tornado Slots”

Property ID No.	Address
01-028-24-34-0023	3735 22 nd Avenue South
02-028-24-44-0055	3605 17 th Avenue South
03-028-24-13-0087	3329 Nicollet Avenue
04-029-24-11-0079	914 42 nd Avenue North
04-029-24-12-0103	4311 Girard Avenue North
04-029-24-24-0061	4131 James Avenue North
04-029-24-43-0156	3610 Girard Avenue North
05-029-24-42-0177	3927 Vincent Avenue North
08-029-24-14-0005	3241 Russell Avenue North
08-029-24-41-0040	2915 Sheridan Avenue North
08-029-24-41-0224	3118 Thomas Avenue North
08-029-24-44-0054	2700 Sheridan Avenue North
09-029-24-12-0200	3430 Fremont Avenue North
09-029-24-22-0111	3422 Penn Avenue North
09-029-24-24-0095	3301 Humboldt Avenue North
09-029-24-43-0135	2639 Fremont Avenue North
09-029-24-43-0190	2711 Girard Avenue North
09-029-24-44-0011	2814 Aldrich Avenue North
09-029-24-44-0017	2719 Lyndale Avenue North
09-029-24-44-0097	2714 Bryant Avenue North
10-028-24-11-0078	3837 4 th Avenue South
10-028-24-12-0158	3911 2 nd Avenue South
10-029-24-32-0141	301 30 th Avenue North
10-029-24-32-0142	305 30 th Avenue North
10-029-24-32-0159	2915-17 4 th Street North
11-029-24-13-0130	2523 Washington Street NE
12-118-21-22-0105	5227 Girard Avenue North
12-118-21-31-0116	4746 Dupont Avenue North
12-118-21-32-0187	4718 Emerson Avenue North
12-118-21-34-0174	4530 Bryant Avenue North
15-029-24-22-0010	312 23 rd Avenue North
15-029-24-22-0021	413 24 th Avenue North
15-029-24-22-0046	623 24 th Avenue North
15-029-24-22-0155	621 26 th Avenue North
15-029-24-23-0102	2126 6 th Street North
16-029-24-11-0133	2410 Dupont Avenue North
16-029-24-21-0031	2526 James Avenue North
16-029-24-22-0009	1820 25 th Avenue North
16-029-24-23-0002	2201 Ilion Avenue North
16-029-24-24-0016	2210 Irving Avenue North
16-029-24-24-0018	2200 Irving Avenue North
16-029-24-42-0010	1819 Girard Avenue North
17-029-24-14-0079	1911 Russell Avenue North
17-029-24-43-0175	1426 Upton Avenue North
17-029-24-44-0081	1400 Russell Avenue North
20-029-24-12-0067	1128 Vincent Avenue North
20-029-24-41-0155	2223 4 th Avenue North
21-029-24-21-0233	1130 James Avenue North
21-029-24-24-0073	1735 8 th Avenue North

21-029-24-33-0154	2025 3 rd Avenue North
35-029-24-13-0202	2528 14 th Avenue South
35-029-24-13-0351	2523 14 th Avenue South
35-029-24-14-0008	2428 16 th Avenue North
35-029-24-24-0017	2424 12 th Avenue South
35-029-24-24-0161	2444 10 th Avenue South
36-029-24-23-0019	1901 EM Stately Street
36-029-24-32-0068	2729 Cedar Avenue South

Additionally, a parcel already included in HRD III is to be enlarged by the addition of the southerly three feet of the parcel directly to the north. The legal descriptions of the two parcels will be rewritten to reflect the removal of the southerly three feet of parcel 35-029-24-13-0385 (2514 14th Avenue South) and the addition of said three feet to parcel 35-029-24-13-0171 (2518 14th Avenue South). Hennepin County staff has agreed that since 2518 14th Avenue South is already included in HRD III, this addition to the parcel's area will not be considered an enlargement of the TIF District and will not use one of the available HRD parcel slots.

Parcels may be added to or deleted from HRDs by a City Council resolution. It is recommended that the attached resolution adding 128 parcels to Housing Replacement District III be adopted.

**RESOLUTION
OF THE
CITY OF MINNEAPOLIS**

By Goodman

Approving the Addition of 128 Parcels to Housing Replacement Tax Increment Financing District III.

Section 1. Recitals

1.1. Whereas, pursuant to Laws of Minnesota 2003, Chapter 127, Article 12, Sections 31-34, and Minneapolis Code of Ordinances, Chapter 415, the City of Minneapolis (the "City"), acting by and through its department of Community Planning and Economic Development, has been granted the authority to propose and implement city development districts, housing and redevelopment projects and tax increment financing ("TIF") districts, all pursuant to Minnesota Statutes, Sections 469.001 through 469.134, and 469.174 through 469.179, as amended, and other laws enumerated therein (collectively, the "Project Laws"); and

1.2. Whereas, Laws of Minnesota 1995, Chapter 264, Article 5, Sections 44 through 47, as amended by Laws of Minnesota 1996, Chapter 471, Article 7; Laws of Minnesota 1997, Chapter 231, Article 10; Laws of Minnesota 2002, Chapter 377, Article 7; Laws of Minnesota 2008, Chapter 154, Article 9; Laws of Minnesota 2008, Chapter 366, Article 5; Laws of Minnesota 2010, Chapter 216, Sections 45 and 46; and Laws of Minnesota First Special Session 2011, Chapter 7, Article 5, Section 11 (collectively, the "Special Legislation") authorizes the City to establish housing replacement tax increment financing districts; and

1.3. Whereas, by Resolution 95R-397 duly adopted December 29, 1995, Resolution 2008R-275 duly adopted July 11, 2008, and Resolution 2011R-491 duly adopted October 7, 2011, the City approved the Special Legislation; and

1.4. Whereas, by Resolution 96R-210 duly adopted August 9, 1996, the City approved the Housing Replacement District Plan and created a Housing Replacement TIF District. By Resolution 2003R-386 duly adopted August 22, 2003, the City approved the Housing Replacement District II Plan and created Housing Replacement TIF District II. By Resolution 2009R-602 duly adopted December 18, 2009, the City approved the Housing Replacement District III Plan (collectively with the Housing Replacement District Plan and the Housing Replacement District II Plan, the "Plans") and created Housing Replacement TIF District III (collectively with the Housing Replacement TIF District and Housing Replacement TIF District II, the "Districts"); and

1.5. Whereas, the Special Legislation and the Plans specify the procedures whereby parcels may be added to and deleted from the Districts. Parcels may be added or deleted by a resolution adopted by the City Council; and

1.6. Whereas, it is proposed that the City add 128 parcels to Housing Replacement TIF District III; and

1.7. Whereas, special legislation (2011 Laws of Minnesota First Special Session, Chapter 7, Article 5, Section 11) authorized the City to designate for inclusion in the Districts up to 200 parcels, on a onetime basis, within the area of the city of Minneapolis designated by the Presidential declaration of major disaster FEMA-1990-DR and the City has identified 71 parcels eligible for inclusion in this category; and

1.8. Whereas, it is proposed that the legal descriptions of two parcels be changed so that the southerly three feet of the parcel at 2514 14th Avenue South (35-029-24-13-0385) be removed from said parcel and added to 2518 14th Avenue South (35-029-24-13-0171), and that this addition to the parcel's area will not be an enlargement of the HRD III TIF District.

Now, Therefore, Be It Resolved by the City Council of the City of Minneapolis:

Section 2. Findings

2.1. That the Council hereby finds, determines and declares that the following 71 parcels are to be added to Housing Replacement TIF District III and that the properties are either vacant land, vacant housing, or substandard housing and will be sold for the development of new or rehabilitated market rate housing, and that the properties are designated as being within the area within the city of Minneapolis designated by the Presidential declaration of major disaster FEMA-1990-DR, pursuant to the Special Legislation:

Added Parcels (71) to be Counted Against the 200 "Tornado Slots"

Property ID No.	Address
01-028-24-14-0075	3216 30 th Avenue South
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04-029-24-33-0132	3758 Penn Avenue North
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04-029-24-41-0230	3850 Dupont Avenue North
04-029-24-42-0198	3818 Fremont Avenue North
04-029-24-43-0167	3654 Girard Avenue North
04-029-24-43-0174	3637 Emerson Avenue North
05-029-24-11-0135	4211 Queen Avenue North
05-029-24-14-0080	4130 Sheridan Avenue North
08-029-24-41-0098	2915 Penn Avenue North
08-029-24-41-0113	2946 Queen Avenue North
09-029-24-11-0114	3543 Lyndale Avenue North
09-029-24-12-0046	3500 Humboldt Avenue North
09-029-24-12-0109	3418 Girard Avenue North
09-029-24-21-0139	3526 Logan Avenue North

09-029-24-21-0149	3510 Knox Avenue North
09-029-24-23-0132	3238 Morgan Avenue North
09-029-24-31-0202	2958 Knox Avenue North
09-029-24-32-0135	3015 Morgan Avenue North
09-029-24-32-0146	3100 Newton Avenue North
09-029-24-32-0170	2939 Morgan Avenue North
09-029-24-32-0173	2930 Newton Avenue North
09-029-24-33-0069	2727 Morgan Avenue North
09-029-24-33-0205	2610 Oliver Avenue North
09-029-24-33-0224	2624 Penn Avenue North
09-029-24-44-0044	2615 Lyndale Avenue North
09-029-24-44-0045	2611 Lyndale Avenue North
10-029-24-11-0100	2730 Grand Street NE
10-029-24-22-0025	3522 4 th Street North
11-118-21-23-0072	5036 Vincent Avenue North
12-028-24-12-0077	3849 25 th Avenue South
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14-029-24-22-0158	1423 University Avenue NE
16-029-24-12-0181	2509 Girard Avenue North
16-029-24-13-0109	2213 Fremont Avenue North
16-029-24-14-0122	2204 Dupont Avenue North
16-029-24-14-0125	2218 Dupont Avenue North
16-029-24-22-0037	2522 Penn Avenue North
16-029-24-23-0078	2110 21 st Avenue North
16-029-24-23-0124	1927 Oliver Avenue North
16-029-24-24-0015	2212 Irving Avenue North
16-029-24-24-0024	2114 Irving Avenue North
16-029-24-24-0052	1522 Hillside Avenue
16-029-24-24-0092	1551 Hillside Avenue
16-029-24-24-0199	2001 James Avenue North
16-029-24-31-0095	1822 James Avenue North
16-029-24-34-0069	1332 Knox Avenue North
16-029-24-42-0010	1819 Girard Avenue North
17-029-24-11-0154	2413 Penn Avenue North
17-029-24-13-0163	2014 Upton Avenue North
17-029-24-14-0039	2027 Queen Avenue North
17-029-24-14-0092	2014 Sheridan Avenue North
17-029-24-14-0196	2214 Russell Avenue North
17-029-24-41-0094	1632 Sheridan Avenue North
17-029-24-41-0148	1631 Sheridan Avenue North
17-029-24-42-0041	1600 Upton Avenue North
21-029-24-21-0008	1134 Irving Avenue North
21-029-24-21-0062	1215 Irving Avenue North
35-029-24-13-0386	2447 14th Avenue South
35-029-24-41-0252	2615 17 th Avenue South
35-029-24-42-0115	1405 East 26 th Street
35-029-24-42-0119	1401 East 26 th Street
35-029-24-42-0284	2601 13 th Avenue South

2.2. That the Council hereby further finds, determines and declares that the following 57 parcels are to be added to Housing Replacement TIF District III and that the properties are either vacant land, vacant housing, or substandard housing and will be sold for the development of new or rehabilitated market rate housing, and that the properties are not designated as being within the area within the city of Minneapolis designated by the Presidential declaration of major disaster FEMA-1990-DR, pursuant to the Special Legislation:

Added Parcels (57) Not to be Counted Against the 200 “Tornado Slots”

Property ID No.	Address
01-028-24-34-0023	3735 22 nd Avenue South
02-028-24-44-0055	3605 17 th Avenue South
03-028-24-13-0087	3329 Nicollet Avenue
04-029-24-11-0079	914 42 nd Avenue North
04-029-24-12-0103	4311 Girard Avenue North
04-029-24-24-0061	4131 James Avenue North
04-029-24-43-0156	3610 Girard Avenue North
05-029-24-42-0177	3927 Vincent Avenue North
08-029-24-14-0005	3241 Russell Avenue North
08-029-24-41-0040	2915 Sheridan Avenue North
08-029-24-41-0224	3118 Thomas Avenue North
08-029-24-44-0054	2700 Sheridan Avenue North
09-029-24-12-0200	3430 Fremont Avenue North
09-029-24-22-0111	3422 Penn Avenue North
09-029-24-24-0095	3301 Humboldt Avenue North
09-029-24-43-0135	2639 Fremont Avenue North
09-029-24-43-0190	2711 Girard Avenue North
09-029-24-44-0011	2814 Aldrich Avenue North
09-029-24-44-0017	2719 Lyndale Avenue North
09-029-24-44-0097	2714 Bryant Avenue North
10-028-24-11-0078	3837 4 th Avenue South
10-028-24-12-0158	3911 2 nd Avenue South
10-029-24-32-0141	301 30 th Avenue North
10-029-24-32-0142	305 30 th Avenue North
10-029-24-32-0159	2915-17 4 th Street North
11-029-24-13-0130	2523 Washington Street NE
12-118-21-22-0105	5227 Girard Avenue North
12-118-21-31-0116	4746 Dupont Avenue North
12-118-21-32-0187	4718 Emerson Avenue North
12-118-21-34-0174	4530 Bryant Avenue North
15-029-24-22-0010	312 23 rd Avenue North
15-029-24-22-0021	413 24 th Avenue North
15-029-24-22-0046	623 24 th Avenue North
15-029-24-22-0155	621 26 th Avenue North
15-029-24-23-0102	2126 6 th Street North
16-029-24-11-0133	2410 Dupont Avenue North
16-029-24-21-0031	2526 James Avenue North
16-029-24-22-0009	1820 25 th Avenue North
16-029-24-23-0002	2201 Ilion Avenue North
16-029-24-24-0016	2210 Irving Avenue North
16-029-24-24-0018	2200 Irving Avenue North
16-029-24-42-0010	1819 Girard Avenue North
17-029-24-14-0079	1911 Russell Avenue North
17-029-24-43-0175	1426 Upton Avenue North
17-029-24-44-0081	1400 Russell Avenue North
20-029-24-12-0067	1128 Vincent Avenue North
20-029-24-41-0155	2223 4 th Avenue North
21-029-24-21-0233	1130 James Avenue North
21-029-24-24-0073	1735 8 th Avenue North
21-029-24-33-0154	2025 3 rd Avenue North
35-029-24-13-0202	2528 14 th Avenue South

35-029-24-13-0351	2523 14 th Avenue South
35-029-24-14-0008	2428 16 th Avenue North
35-029-24-24-0017	2424 12 th Avenue South
35-029-24-24-0161	2444 10 th Avenue South
36-029-24-23-0019	1901 EM Stately Street
36-029-24-32-0068	2729 Cedar Avenue South

2.3. That the Council hereby further finds, determines and declares that a parcel already included in Housing Replacement TIF District III is to be enlarged by the addition of the southerly three feet of the parcel directly to the north. The legal descriptions of the two parcels will be rewritten to reflect the removal of the southerly three feet of parcel 35-029-24-13-0385 (2514 14th Avenue South) and the addition of said three feet to parcel 35-029-24-13-0171 (2518 14th Avenue South). This addition to the parcel's area will not be considered an enlargement of Housing Replacement TIF District III and will not use one of the available parcel slots.

Section 3. Implementation

3.1. Be it further resolved, as provided under Minnesota Statutes, Section 469.178, Subdivision 7, this Council hereby authorizes the advance of revenues from other available development revenues of the City in the principal amount needed to offset any negative fund balances incurred with respect to the Districts as a result of expenditures incurred prior to or in excess of the collection of tax increment revenue. The interest rate paid on such advances shall be equal to the rate of interest those revenues would have generated in their fund, but not to exceed the greater of the rates specified under Minnesota Statutes, Sections 270C.40 or 549.09 as from time to time adjusted. The term of this advance shall end upon the termination of the Districts, although as revenues are available in the funds for the Districts, the advance shall be offset by such amounts.