



## Request for City Council Committee Action from the Department of Community Planning and Economic Development

**Date:** July 10, 2012

**To:** Council Member Lisa Goodman, Chair, Community Development Committee  
Council Member Betsy Hodges, Chair, Ways and Means/Budget Committee

**Subject:** Public Hearing and Approval of i) a Spending Plan for Tax Increment Financing Funds in the Tornado Recovery Area and ii) Tornado Recovery Housing Program Guidelines.

### **Recommendation:**

- (1) Conduct a public hearing and adopt the attached resolution approving the spending plan for tax increment funds in the tornado recovery area;
- (2) Approve the Tornado Recovery Housing Program Guidelines.
- (3) Amend the 2012 General Appropriation Resolution by increasing the Community Planning & Economic Development Agency fund 01CPJ – MILES I (01CPJ-8900900) by \$65,000 from the available fund balance;
- (4) Amend the 2012 General Appropriation Resolution by increasing the Community Planning & Economic Development Agency fund 01CRS – Rosacker Nursery Site (01CRS-8900900) by \$225,000 from the available fund balance;
- (5) Amend the 2012 General Appropriation Resolution by increasing the Community Planning & Economic Development Agency fund 01CNF – Nicollet-Franklin (01CNF-8900900) by \$395,000 from the available fund balance;
- (6) Amend the 2012 General Appropriation Resolution by increasing the Community Planning & Economic Development Agency fund 01CS4 – SEMI Phase 4 (01CS4-8900900) by \$250,000 from the available fund balance;
- (7) Amend the 2012 General Appropriation Resolution by increasing the Community Planning & Economic Development Agency fund 01CCH – Clare Apartments/Old Third Avenue Townhomes (01CCH-8900900) by \$65,000 from the available fund balance; and
- (8) Amend the 2012 General Appropriation Resolution by increasing the Community Planning & Economic Development Agency fund 01CPO – Capital Project Other (01CPO-8900900) by \$1,130,000 from the available fund balance.

### **Previous Directives:**

On October 7, 2011, the City Council approved Special Legislation permitting the use of tax increment revenue from any City TIF district for specified purposes in the tornado recovery area.

## Department Information

Prepared by: Tiffany Glasper, Senior Project Coordinator, 612-673-5221	
Approved by: Thomas A. Streitz, Director, Housing Policy & Development	_____
Charles T. Lutz, Deputy Director	_____
Presenters in Committee: Tiffany Glasper, Senior Project Coordinator	
Funding Source and Appropriation Language Reviewed by	
Development Finance: Jeffrey Streder, Development Finance Director	_____

## Financial Impact

Action requires an appropriation increase to the Capital Budget from available fund balances.

## Community Impact

- Neighborhood Notification: On May 10, 2012, all neighborhood organizations were notified of the opportunity to review and comment on the proposed Spending Plan and the proposed Tornado Recovery Housing Program.
- City Goals: Eco-Focused; Livable Communities, Healthy Lives; Jobs & Economic Vitality
- Sustainability Targets: Affordable Housing Units – New Construction
- Sustainability: Green standards will be employed in construction of housing units developed under this program.
- Comprehensive Plan: On June 25, 2012, the City Planning Commission found that the Spending Plan and the Tornado Recovery Housing Program Guidelines are consistent with *The Minneapolis Plan for Sustainable Growth*.

## Supporting Information

On May 22, 2011 a devastating tornado struck north Minneapolis, leaving many of the housing units decimated and unlivable. The City, in partnership with many others, is responding to this crisis with an overall strategy that seeks to restore housing units, facilitate redevelopment opportunities and assist residents.

Pursuant to special legislation adopted during the 2011 First Special Session (Ch. 7, Art. 5, Sec. 12), attached, available tax increment revenues can be pooled to assist in recovery efforts within the federally designated disaster area resulting from the May 2011 tornado.

Normally, tax increment revenues are restricted to authorized uses within the area in which the revenues are generated. However, this legislation allows the City of Minneapolis to use available tax increment from any of its tax increment districts to fund recovery efforts in the tornado recovery area.

Refer to Exhibit A, *Pooling of Tax Increment for Tornado Recovery Efforts*, for additional details.

In accordance with this special legislation, the City is seeking to use up to \$1 million in tax increment funds to address tornado damaged properties. Staff has prepared a Spending Plan, as required, for these funds which outlines specifically how these funds will be spent.

We believe these funds are best spent funding the proposed Green Homes North Program (\$300,000), demolishing the City-owned structures at 2029 and 2033 West Broadway (\$20,000), funding additional acquisition and demolition activities of tornado damaged properties (\$580,000) via the proposed *Tornado Recovery Housing Program*, and for administration costs associated with these activities (\$100,000).

It is currently estimated that the entire cost of demolishing the structures at 2029 and 2033 West Broadway will be \$150,000, of which approximately \$130,000 will be reimbursed to the City from the Federal Emergency Management Agency (FEMA), and the remaining

\$20,000 will be paid from tax increment revenue authorized through the Spending Plan. The appropriation requested in CPED fund 01CPO (Capital Projects – Other) includes the \$130,000 portion of the demolition that will be reimbursed by FEMA.

Under the Tax Increment Financing Act, tax increment revenue from the districts identified in the Spending Plan must be maintained in segregated fund. In order to maintain an accounting of the tax increment expenditures under the Spending Plan and to maintain the revenues in their respective funds, all costs will initially be recorded in CPED fund 01CPO (Capital Projects – Other). On a periodic basis, the expenditures will be transferred from fund 01CPO to one or more of the tax increment funds listed in Recommendations #2-7 of this report.

Refer to Exhibit B, *Spending Plan for Tax Increment Financing District Nos. 46 (MILES 1), 78 (SEMI Phase 4), 83 (Rosacker Nursery Site), 97 (Nicollet-Franklin) and 137 (Clare Apartments/Old Third Avenue Townhomes)*, for additional details and Exhibit C, *Tornado Recovery Housing Program*.

**RESOLUTION  
OF THE  
CITY OF MINNEAPOLIS**

**By (Council Member's last name)**

**Approving a Tornado Recovery Spending Plan for Tax Increment District  
Nos. 46 (MILES I), 78 (SEMI Phase 4), 83 (Rosacker Nursery Site), 97 (Nicollet-  
Franklin) and 137 (Clare Apartments/Old Third Avenue Townhomes)**

Resolved by The City Council of The City of Minneapolis:

Section 1. Background; Findings.

That the City has previously established Tax Increment Financing District Nos. 46 ( MILES I) , 78 (SEMI Phase 4), 83 (Rosacker Nursery Site), 97 (Nicollet-Franklin) and 137 (Clare Apartments/Old Third Avenue Townhomes) (the "TIF Districts") and adopted the tax increment financing plans therefor (the "TIF Plans") pursuant to Minnesota Statutes, Sections 469.174 to 469.1799 (the "TIF Act") and certain special legislation.

Be It Further Resolved that Laws 2011, First Special Session, c.7, art. 5, §12 (referred to as the "Tornado TIF Authority Act") authorizes the City to spend available tax increment from any existing tax increment financing district, notwithstanding any other law to the contrary, for certain purposes relating to recovery from the May 22, 2011 tornado that struck north Minneapolis.

Be It Further Resolved that in accordance with the Tornado TIF Authority Act, the City has caused to be prepared a spending plan (the "Spending Plan") authorizing the City to use up to \$1 million in tax increment revenues from the TIF Districts for demolition of tornado-damaged structures on city-owned property at 2029 and 2033 West Broadway, a program to finance city acquisition and demolition of tornado-damaged property, a program to finance new construction of "green" homes on tornado-damaged properties, and related city administrative costs.

Be It Further Resolved that the City has performed all actions required by law to be performed prior to the approval of the Spending Plan, including, but not limited to, causing notice of a public hearing to be published and holding a public hearing regarding the Spending Plan on July 10, 2012.

Section 2. Approval of the Spending Plan.

Be It Further Resolved that the Spending Plan is hereby approved in substantially the form on file in the City Clerk's office.

Be It Further Resolved that the City makes all the findings set forth in the Spending Plan, which are incorporated herein by reference.

Be It Further Resolved that City staff and consultants are hereby authorized to take actions necessary to carry out the terms of the Spending Plan.

