



**Modification No. 19
to the Industry Square Redevelopment Plan
(Park Avenue East Tax Increment Finance Plan)**

July 9, 2004

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Introduction

Three plan documents – Modification No. 19 to the Industry Square Redevelopment Plan, the Park Avenue East Tax Increment Finance (TIF) Plan, and Modification No. 100 to the Common Development and Redevelopment Plan and Common Tax Increment Finance Plan (the “Common Plan”) - have been prepared by the City to authorize public redevelopment activity necessary to assist with a mixed use project that has been proposed in the Riverfront area of downtown Minneapolis in the Historic Mills District.

This Modification No. 19 to the Industry Square Redevelopment Plan authorizes the creation of a new TIF district as a tool for carrying out the redevelopment activities described therein. Because the Industry Square Redevelopment Project Area is within the boundary of the Common Project, Modification No. 100 to the Common Plan has also been prepared to reflect the authorization to pursue these redevelopment activities within a project that has been incorporated within the Common Project Area. However, the new TIF district is not being incorporated into the Common Project and will not be subject to the existing Common Project obligations and commitments, and is being created as a free-standing tax increment district.

I. Description of Project – Changed

On February 6, 1998, the Minneapolis City Council and the Minneapolis Community Development Agency approved the creation of the West Side Milling District TIF and Hazardous Substance Subdistrict Plan (the “Plan”). The Plan authorized public redevelopment activity and expenditures to assist the West Side Milling District Project, and created a new tax increment financing district and hazardous substance subdistrict.

The Plan authorized the use of tax increment revenue and other public funds to pay for public redevelopment activity – including acquisition, demolition, pollution remediation, rehabilitation of historic buildings, public improvements, and other project related activities. The primary purpose of the Plan was to facilitate the rehabilitation and residential reuse of the historic North Star Woolen Mill, the Utility Building of the Washburn Crosby Mill complex, and new infill housing development on an adjacent property. The Plan also authorized possible additional public improvements and expenditures to assist with the stabilization and preservation of the remaining untreated historic structures in the Washburn Crosby Mill Complex, which included the development of a major historic interpretive and orientation center within the Washburn Crosby Mill Complex. The Plan authorized public assistance to facilitate the housing development project, assisted with the implementation of the historic interpretive center plan, and leveraged further public and

private redevelopment activities and expenditures that facilitated the preservation and reuse of the entire complex of historic properties and resources. The site was previously decertified and removed from the existing Industry Square TIF District (#9) while a new redevelopment TIF district and Hazardous Substance Subdistrict (West Side Milling District TIF #86) were established. In January, 2001 the MBIA granted its consent to the release of the parcels from the pledge to the tax increment revenue bonds of 1990.

On February 2, 2001, the City Council approved Modification No. 1 to the West Side Milling District TIF Plan. Modification No. 1 authorized the geographic enlargement of the TIF District with the addition of two parcels initially and the subsequent addition of portions of three other parcels, including portions of streets located within TIF District #9, for proposed continuing development and redevelopment within the West Side Milling District. The Modification also revised the budget to finance additional public redevelopment activities, and established the maximum amount of bonded indebtedness that may be incurred.

The development plans included development of the lower three floors of the eight-story Washburn/Crosby A Mill for the Minnesota Historical Society's Mill City Museum, and development of the upper five floors by Brighton Development Corporation into approximately 62,315 square feet of office space. Brighton also redeveloped the Humboldt Building and adjacent land into 36 units of ownership housing and 72 underground parking spaces.

Modification No. 2 to the West Side Milling District TIF Plan, approved on June 6, 2003, deleted from TIF District #86 property (owned by the MCDA and exempt from property taxes) bounded by 2nd Street South, Washington Avenue South, vacated Park Avenue South and vacated Chicago Avenue South. A portion of the property removed from the West Side Milling District will be included within the Park Avenue East TIF District.

The Park Avenue East TIF District will facilitate the construction of a public parking ramp containing approximately 324 stalls on a portion of the property that was removed from the West Side Milling District TIF District. The Park Avenue Lofts East housing development will contain 38 luxury condominiums with underground parking.

II. Land Use Plan – No Change

III. Project Proposals – **Changed**

A public parking ramp located in the center of the block bounded by Chicago Avenue, Park Avenue, Washington Avenue and 2nd Street South is being proposed. The ramp will contain approximately 324 stalls and will fulfill contractual commitments to the Mill City Museum and the Stone Arch Office Building which requires public parking on this block.

Another project proposed for construction on the west side of the block is the Park Avenue East Lofts project which is a four-to-five story luxury condominium development containing 38 units that mirrors the design of the Park Avenue West Lofts currently under construction across Park Avenue. Parking will be provided under the building.

The Park Avenue East District will include the ramp site and the Park Avenue East Lofts site. Tax increment generated by this district will be utilized to pay a portion of the debt service on the general obligation tax increment bonds issued by the City to construct the ramp. In addition, the net parking revenues of the ramp will provide additional funding for debt service. During the 2002 session, the Minnesota Legislature passed legislation granting the MCDA \$2.6 million to support the construction of a public parking ramp on the site.

IV. Official Action to Carry Out Redevelopment Plan – No Change

V. Procedure for Changes in Approved Redevelopment Plan – No Change