

**Adopting the St. Anthony Mills Apartments (SAMA) Tax Increment Finance (TIF)  
Plan, Modification No 20 to the Industry Square Redevelopment Plan, and  
Modification No 105 to the Common Plans**

**RESOLVED BY THE CITY COUNCIL OF THE CITY OF MINNEAPOLIS:**

**Section 1. Recitals**

- 1.1 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 ("CPED"), has been granted the authority to propose and implement city development districts, housing and redevelopment projects and tax increment financing 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").
- 1.2 By Resolution duly adopted August 31, 1973, amended October 26, 1973 and December 28, 1973, the city approved the Industry Square Redevelopment Plan; the Industry Square Redevelopment Plan was subsequently modified by Modifications 1 through 19 (the "Industry Square Plan"). By Resolution No 89R-530 duly adopted December 15, 1989 and approved December 21, 1989, the City approved the Common Development and Redevelopment and Common TIF Plan (the "Common Plans"). The project area established by the Industry Square Plan (the "Project Area") is geographically located within the project area established by the Common Plans (the "Common Project"). The parcels included in the proposed modifications to the Industry Square Plan and Common Plans are intended to remain within the existing Project Area, but the new tax increment financing district is not being incorporated into the Common Project and will not be subject to the existing Common Project obligations and commitments. Rather, it is being created as a free-standing tax increment district.
- 1.3 It has been proposed and the City has prepared, and this Council has investigated the facts with respect to, a proposed new St. Anthony Mills Apartments (SAMA) TIF Plan and proposed Modifications to the Industry Square Plan and the Common Plans (together, the "Plans"). The Plans authorize the creation of a new housing tax increment finance district (the "TIF District"), designate property to be included within the boundaries of the proposed TIF District, authorize public redevelopment activities, and establish a budget for expenditures, all pursuant to and in accordance with the Project Laws.

- 1.4 The City has performed all actions required by law to be performed prior to the adoption of the Plans, including, but not limited to, a review of the proposed Plans by the affected neighborhood groups and the City Planning Commission, transmittal of the proposed Plans to the Hennepin County Board of Commissioners and the School Board of Special School District No 1 for their review and comment, and the holding of a public hearing after published and mailed notice as required by law.
- 1.5 The Council hereby determines that it is necessary and in the best interests of the City at this time to approve the Plans to reflect project activities and costs in the Project Area and TIF District.

## **Section 2. Findings for the Adoption of the Plans; Creation of TIF District**

- 2.1 The Council finds, determines and declares that the TIF District is a housing district pursuant to Minnesota Statutes, Section 469.174, Subdivision 11. The proposed TIF District is located within the Industry Square Redevelopment Project, in accordance with the provisions of Minnesota Statutes Sections 469.001 through 469.047.
- 2.2 The Council finds, determines and declares that on July 31, 1998, the Council adopted by Resolution 98R-281 an Affordable Housing Policy for the City of Minneapolis documenting the growing shortage of decent, safe and affordable housing for low and moderate income families and individuals in the City. Additional City housing policies were contained in a number of documents which were approved at various times for specific reasons. Council action on June 18, 2004 adopted a Unified City of Minneapolis Housing Policy by Resolution 04R-260. This Policy states that new housing developments shall be consistent with The Minneapolis Plan, goals 4.9.1 through 4.19. The SAMA development is consistent with goals 4.9, 4.10, 4.11, 4.12, and 4.16 of The Minneapolis Plan.
- 2.3 The Council defines low income housing as housing affordable to families with incomes below 80 percent of the MMI family income, and moderate income housing is defined as housing affordable to families with incomes between 80 percent and 120 percent of the MMI family income; and further, moderate income is defined for this purpose in terms of the income levels for which the market does not provide housing without public assistance. In addition, 469.002, Subdivision 18, defines moderate income persons as “persons and their families whose income is not adequate to cause private enterprise to provide without governmental assistance a substantial supply of decent, safe, and sanitary housing at rents or prices within their financial means”.
- 2.4 The Council finds, determines and declares that the SAMA development satisfies the income requirements for a housing TIF district in accordance with Minnesota Statutes, Section 469.1761, Subdivision 3. Seventeen units will be occupied by individuals whose income is 30 percent or less of the area median gross income. Income guidelines will be monitored for the life of the district, as the requirements of this subdivision apply for the duration of the TIF district. The proposed TIF district includes new construction of 93 units, 85 of which will be affordable to

individuals and families earning at or below 60% MMI. Seventeen of the 93 rental units will have project-based Section 8 assistance affordable at or below 30% of MMI and 8 units will be market rate units. Since there will be 85 units at or below 60% of MMI, the project complies with the City Unified Housing Policy, which would require at least 19 units (20% of the total) of 93 units. It is found that the proposed project meets income requirements for a housing TIF district, and the establishment of the SAMA TIF District is fully justified to facilitate public development activities and expenditures to alleviate the current shortage of decent, safe, and affordable housing for low and moderate income households in Minneapolis.

- 2.5 The Council further finds, determines and declares that the use of tax increment financing is deemed necessary as the proposed development 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 the district permitted by the TIF plan. Because it is the opinion of the City that the proposed development to be financed, in part, by this TIF District would not occur solely through private investment at this time, the City projects that the estimated market value of the site without the use of tax increment would remain at its present level. The calculations necessary to pass this test are contained in the TIF Plan on page 16. As shown there, the public redevelopment activity, expenditures, and market values associated with the redevelopment that is proposed in this plan results in a series of calculations and figures that clearly pass the market value test. It is therefore the opinion of the City that the development in this TIF District could not occur solely through private investment within the foreseeable future.
- 2.6 The Council further finds, determines and declares that the Plans conform to the general plan for the development or redevelopment of the City as a whole. The project reflects a number of key Minneapolis Plan policies related to fulfillment of affordable housing needs. Written comments of the Planning Commission with respect to the Plans were issued, are incorporated herein by reference, and are on file in the office of the City Clerk.
- 2.7 The Council hereby finds, determines and declares that the Plans will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the redevelopment of the Project Area by private enterprise, as the proposed redevelopment removes blighting influences and provides affordable rental housing opportunities for low and moderate income households. Adoption of the Plans is essential in order to finance a portion of the public redevelopment activities necessary to subsidize the extraordinary cost of providing affordable housing at this site. Rental revenue from the project to fund traditional financing in the amount necessary to build the SAMA development is not sufficient to amortize the entire cost of site assembly, site work and new construction. The value of the TIF financing will enable the SAMA development to offer a range of housing opportunities and is critical to ensuring the development is a financially

viable long-term asset for the community. In addition, the TIF financing will be used to help the development support a higher amount of bond-backed debt. The proposed development meets the need for affordable housing in a location ideal for workers and convenient to public transportation, and demonstrates the compatibility of affordable rental with ownership housing in an area which has focused primarily on high-end ownership housing.

- 2.8 The Council further finds, determines and declares that the land in the Project Area would not be made available for redevelopment without the financial aid to be sought.
- 2.9 The Council further finds, determines and declares that, based in part upon information provided by the developer, no more than 20% of the square footage of the buildings that receive assistance from tax increments consist of commercial, retail, or other non residential uses, and that the square footage of the residential portion of the project constitutes 94.9% of the total square footage of the buildings that receive assistance from tax increments in the SAMA TIF District, pursuant to Minnesota Statutes, Section 469.1761, Subdivision 1 (2).
- 2.10 The Council further finds, determines and declares that the entire fiscal disparity contribution required of the City for development occurring within this district be taken from outside the SAMA TIF District. The election provided in the Minnesota Statutes Section 469.177, Subdivision 3, paragraph (a) is elected.
- 2.11 The Council further finds public benefits will eliminate the blighting influence of a visible surface parking lot on Washington Avenue and will conceal a new publicly-owned parking ramp, increase the city's property tax base and provide affordable rental housing in a location ideal for workers convenient to public transportation.
- 2.12 The Council hereby finds, determines and declares that the objectives and actions authorized by the Plans are consistent with the undertaking of a redevelopment project area and housing TIF district, all pursuant to and in accordance with the Laws.
- 2.13 The Council further finds, determines and declares that it is necessary and in the best interests of the City at this time to approve the Plans.

### **Section 3. Approval of the Plans**

- 3.1 Based upon the findings set forth in Section 2, the SAMA TIF Plan establishing a new housing TIF district, the Modification to the Industry Square Redevelopment Plan and the Modification to the Common Plans presented to the Council on this date are hereby approved and shall be placed on file in the office of the City Clerk.

### **Section 4. Implementation of the Plans**

- 4.1 After passage and publication of this Resolution, the officers and staff of the City and the City's consultants and counsel, are authorized and directed to proceed with the implementation of the Plans, and for this purpose to negotiate, draft,

prepare and present to this Council for its consideration, as appropriate, all further modifications, resolutions, documents and contracts necessary for this purpose.