



**Request for City Council Committee Action  
From the Department of Community Planning & Economic Development**

Date: June 7, 2005

To: Council Member Lisa Goodman, Community Development Committee  
Council Member Barbara Johnson, Ways & Means/Budget Committee

Prepared by: Tiffany Glasper, Sr. Project Coordinator 612-673-5221

Presenter in  
Committee: Tiffany Glasper, Sr. Project Coordinator

Approved by Chuck Lutz, Deputy CPED Director  
Elizabeth Ryan, Director, Housing

  
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**Subject: Minneapolis Housing Replacement District Tax  
Increment Reimbursement**

**RECOMMENDATION: Amend the 2005 General Appropriation Resolution by increasing the Community Planning and Economic Development Fund CWS – Housing Replacement District (CWS0-890-8953) by \$462,169.**

**Previous Directives:** On August 9, 1996, the City Council approved the creation of the Minneapolis Housing Replacement Tax Increment Finance District for the City of Minneapolis by Resolution 96R-210.

**Financial Impact** (Check those that apply)

- No financial impact - or - Action is within current department budget.  
(If checked, go directly to Background/Supporting Information)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact (Explain):
- Request provided to the Budget Office when provided to the Committee Coordinator

**Community Impact**

Ward: NA

Neighborhood Notification: NA

**City Goals:** Increase homeownership, eliminate barriers and blighting influences that prevent or inhibit healthy neighborhood environments and economies, increase the City's property tax base and maintain its diversity.

**Comprehensive Plan:** Development activities will conform to the City's and respective neighborhoods' land use plans.

**Zoning Code:** NA

**Living Wage/Job Linkage:** NA

**Other:** NA

### **Background/Supporting Information**

The costs associated with the acquisition and removal of severely deteriorated housing far exceeds what can be recovered by selling the land for new development. With diminishing federal and state resources for these types of activities, the City is limited in the total number of properties it can treat. The Housing Replacement District provides an invaluable tool and added mechanism for financing part of the cost of acquiring and removing substandard housing.

In order to facilitate the redevelopment of blighted properties, the Housing Replacement District was created. The sole objective is to facilitate the acquisition, site preparation and disposition of parcels currently containing either undeveloped land, or vacant or substandard houses for purposes of their rehabilitation or redevelopment as market rate housing.

A Housing Replacement District is a type of tax increment financing district. It is a financing tool that is utilized to pay eligible public redevelopment costs. All revenues derived from the District must be used in accordance with the housing replacement district plan. The revenues must be used solely to pay the costs of site acquisition, relocation, demolition of existing structures, site preparation, and pollution abatement on Parcels identified in the housing replacement district plan, as well as public improvements and administrative costs directly related to those Parcels.

Up front costs associated with the activities identified above have been financed with CDBG dollars. The Housing Replacement District requires a 25% match to the TIF revenues used. 75% of eligible costs are being paid with TIF and the remaining 25% from CDBG. As of December 31, 2004, a total of \$1,063,890.71 in CDBG revenue has been spent to pay project costs within the Housing Replacement District. The amount eligible to be reimbursed from tax increment revenues from the District is \$797,918.03.

The Minneapolis Housing Replacement District has currently generated \$469,464 in revenues. These revenues are eligible to reimburse the City's Department of Community Planning and Economic Development Vacant and Boarded Housing Program budget (Fund 0400). After this reimbursement is made, there will remain \$328,454.03 of CDBG expenditures which will remain eligible for reimbursement from future tax increment collections within the District.

The purpose of this report is to request that these eligible tax increment revenues be transferred from Fund CWS to City CDBG Fund 0400 Year 30 for the purposes of continuing to address the issue of redeveloping blighted properties in the City of Minneapolis.