

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

Date: March 22, 2011

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

Subject: Addition and deletion of parcels in Minneapolis Housing Replacement Tax Increment Financing (TIF) Districts

Recommendation: Adopt the attached resolution adding 107 parcels to and deleting 8 parcels from the Minneapolis Housing Replacement Tax Increment Financing (TIF) Districts

Previous Directives:

On August 9, 1996, the City Council approved the first Housing Replacement District Plan. On August 22, 2003, the City Council approved the Housing Replacement District II Plan. There were subsequent City Council actions approving the addition and deletion of parcels in Housing Replacement Districts I and II. On July 11, 2008, the City Council approved special legislation increasing the number of parcels that may be included in housing replacement districts 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 Housing Replacement District III Plan, Modification No. 1 to the Housing Replacement District Plan and Modification No. 1 to the Housing Replacement District II Plan.

Department Information

Prepared by: Edith Johnson, Senior Project Coordinator, x5262
Approved by: Charles T. Lutz, Deputy Director, CPED _____
Thomas Streit, Director, Housing Policy & Development _____
Presenters 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A Housing Replacement District (HRD) is a type of tax increment financing district authorized by special legislation originally enacted by the Minnesota Legislature in 1995 and amended in 1996, 1997, 2002, 2008 and 2010. 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 500. As parcels have been added to and deleted from HRDs since 1996, 286 of the 500 "slots" have been used, leaving the capacity for an additional 214 parcels to be placed in an HRD.

Parcels may be added to or deleted from HRDs by a City Council resolution. It is recommended that the attached resolution adding 107 parcels to Housing Replacement District III and deleting 8 parcels from HRD II and III be adopted.

Parcels to be added to HRD III are:

12-118-21-34-0152	4522 Aldrich Avenue North
12-118-21-34-0153	4526 Aldrich Avenue North
12-118-21-34-0023	4634 Aldrich Avenue North
12-118-21-31-0046	4700 Bryant Avenue North
13-029-24-31-0135	642 Buchanan Street Northeast
09-029-24-44-0154	2640 Colfax Avenue North
09-029-24-44-0139	2714 Colfax Avenue North
09-029-24-11-0018	3510 Colfax Avenue North
04-029-24-44-0159	3656 Colfax Avenue North
04-029-24-14-0231	4111 Colfax Avenue North
04-029-24-14-0173	4133 Colfax Avenue North
09-029-24-14-0156	3226 Dupont Avenue North
16-029-24-12-0086	2305 Emerson Avenue North
09-029-24-43-0042	2648 Emerson Avenue North
09-029-24-43-0091	2811 Emerson Avenue North
04-029-24-42-0082	3955 Emerson Avenue North
36-029-24-23-0017	1911 EM Stately Street
16-029-24-12-0107	2315 Fremont Avenue North
09-029-24-13-0059	3319 Fremont Avenue North
09-029-24-13-0043	3322 Fremont Avenue North
11-029-24-24-0070	3707 Fremont Avenue North
04-029-24-43-0052	3738 Fremont Avenue North
16-029-24-43-0057	1406 Girard Avenue North
09-029-24-43-0140	2638 Girard Avenue North
17-029-24-41-0028	2301 Golden Valley Road
16-029-24-24-0053	1530 Hillside Avenue North
16-029-24-24-0061	1564 Hillside Avenue North
09-029-24-21-0214	3435 Humboldt Avenue North
16-029-24-24-0044	2127 Irving Avenue North
09-029-24-34-0190	2614 Irving Avenue North
09-029-24-31-0046	3118 Irving Avenue North
04-029-24-24-0001	4155 Irving Avenue North
16-029-24-24-0142	2031 James Avenue North

09-029-24-34-0012	2635 James Avenue North
09-029-24-34-0144	2731 James Avenue North
04-029-24-24-0066	4101 James Avenue North
16-029-24-34-0066	1320 Knox Avenue North
09-029-24-21-0150	3514 Knox Avenue North
16-029-24-34-0100	1418 Logan Avenue North
16-029-24-22-0133	2318 Logan Avenue North
09-029-24-31-0153	2918 Logan Avenue North
15-029-24-23-0064	2218 Lyndale Avenue North
10-029-24-23-0041	3326 Lyndale Avenue North
09-029-24-11-0152	3407 Lyndale Avenue North
17-029-24-11-0244	2406 McNair Avenue
17-029-24-11-0243	2410 McNair Avenue
09-029-24-33-0062	2700 Morgan Avenue North
21-029-24-32-0041	401 Newton Avenue North
09-029-24-33-0190	2610 Newton Avenue North
09-029-24-32-0184	2939 Newton Avenue North
16-029-24-23-0071	2203 Oliver Avenue North
09-029-24-32-0190	2946 Oliver Avenue North
11-118-21-12-0096	5201 Oliver Avenue North
16-029-24-23-0079	2100 Penn Avenue North
17-029-24-11-0192	2301 Penn Avenue North
09-029-24-33-0223	2622 Penn Avenue North
09-029-24-33-0110	2724 Penn Avenue North
08-029-24-41-0093	2933-35 Penn Avenue North
09-029-24-23-0108	3354 Penn Avenue North
09-029-24-22-0118	3456 Penn Avenue North
05-029-24-44-0119	3711 Penn Avenue North
11-118-21-12-0157	5200 Penn Avenue North
17-029-24-44-0071	1511 Queen Avenue North
17-029-24-14-0048	1919 Queen Avenue North
17-029-24-14-0040	2023 Queen Avenue North
08-029-24-44-0123	2659 Queen Avenue North
08-029-24-41-0152	2935 Queen Avenue North
05-029-24-44-0134	3750 Queen Avenue North
08-029-24-44-0131	2640 Russell Avenue North
17-029-24-44-0189	1317 Sheridan Avenue North
08-029-24-41-0025	2938 Sheridan Avenue North
05-029-24-41-0162	3858 Sheridan Avenue North
17-029-24-44-0175	1514 Thomas Avenue North
08-029-24-44-0087	2718 Thomas Avenue North
08-029-24-41-0226	3126 Thomas Avenue North
21-029-24-33-0119	2047 3 rd Avenue North
15-029-24-23-0040	2211 4 th Street North
15-029-24-23-0039	2215 4 th Street North
15-029-24-23-0035	2218 4 th Street North
15-029-24-22-0219	2321 4 th Street North
15-029-24-22-0242	2501 4 th Street North
10-028-24-11-0112	3807 5 th Avenue South
15-029-24-23-0104	2134 6 th Street North
11-029-24-24-0075	2631 6 th Street Northeast
10-029-24-32-0114	2917 6 th Street North
10-029-24-32-0006	3015 6 th Street North
10-029-24-23-0121	3251 6 th Street North
10-029-24-22-0128	3442 6 th Street North
26-029-24-43-0061	1911 14 th Avenue South
35-029-24-13-0010	2413-15 15 th Avenue South

35-029-24-14-0043	2441 16 th Avenue South
15-029-24-11-0110	52 18 th Avenue Northeast
16-029-24-24-0041	1511 22 nd Avenue North
16-029-24-21-0161	1600 22 nd Avenue North
10-029-24-32-0165	424 31 st Avenue North
10-029-24-32-0163	427 31 st Avenue North
10-029-24-32-0164	428 31 st Avenue North
02-028-24-11-0247	1804 31 st Street East
03-029-24-33-0117	314 36 th Avenue North
13-118-21-21-0024	901 45 th Avenue North
04-029-24-13-0090	4019 Girard Avenue North
16-029-24-24-0048	2109 Irving Avenue North
14-029-24-14-0012	1235 Monroe Street Northeast
09-029-24-33-0107	2712-14 Penn Avenue North
08-029-24-13-0193	3210 Vincent Avenue North
35-029-24-13-0231	2527 14 th Avenue South
15-029-24-22-0154	619 26 th Avenue North

Staff determined that acquisition of the following parcels is unlikely or redevelopment is unfeasible, and that the parcels should therefore be deleted from the HRDs.

Parcels to be deleted from HRD II and III are:

35-029-24-42-0116	1407 26 th Street E
10-029-24-32-0020	409 31 st Avenue North
03-028-24-41-0076	3512 Clinton Avenue South
09-029-24-12-0171	3534 Fremont Avenue North
16-029-24-24-0117	2034 James Avenue North
16-029-24-24-0116	2038 James Avenue North
03-028-24-44-0013	415 East 36 th Street
35-029-24-21-0239	2215 Chicago Avenue South

With the addition of 107 parcels and deletion of 8 parcels, 385 of the available 500 slots in HRDs will be used, leaving the capacity for 115 additional parcels to be placed in HRDs.

Many of the parcels being placed in the districts are part of the Foreclosure Remediation Program. Neighborhood groups were appropriately notified of the opportunity to review and comment on each Housing Replacement District Plan before City Council approval of the Plans.

**RESOLUTION
OF THE
CITY OF MINNEAPOLIS**

By Goodman

Approving the Addition and Deletion of Parcels in Housing Replacement Tax Increment Financing Districts II and 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; and Laws of Minnesota 2010, Chapter 216, Sections 45 and 46 (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 and Resolution 2008R-275 duly adopted July 11, 2008, 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 107 parcels to Housing Replacement TIF District III and delete 8 parcels from Housing Replacement TIF District II.

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 8 parcels are to be deleted from Housing Replacement TIF District II because either the intended acquisition did not occur or redevelopment did not occur:

35-029-24-42-0116	1407 26 th Street E
10-029-24-32-0020	409 31 st Avenue North
03-028-24-41-0076	3512 Clinton Avenue South
09-029-24-12-0171	3534 Fremont Avenue North
16-029-24-24-0117	2034 James Avenue North
16-029-24-24-0116	2038 James Avenue North
03-028-24-44-0013	415 East 36 th Street
35-029-24-21-0239	2215 Chicago Avenue South

2.2. That the Council further finds, determines and declares that the following 107 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, pursuant to the Special Legislation:

12-118-21-34-0152	4522 Aldrich Avenue North
12-118-21-34-0153	4526 Aldrich Avenue North
12-118-21-34-0023	4634 Aldrich Avenue North
12-118-21-31-0046	4700 Bryant Avenue North
13-029-24-31-0135	642 Buchanan Street Northeast
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16-029-24-12-0086	2305 Emerson Avenue North
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09-029-24-43-0091	2811 Emerson Avenue North
04-029-24-42-0082	3955 Emerson Avenue North
36-029-24-23-0017	1911 EM Stately Street
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09-029-24-13-0059	3319 Fremont Avenue North
09-029-24-13-0043	3322 Fremont Avenue North
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09-029-24-43-0140	2638 Girard Avenue North
17-029-24-41-0028	2301 Golden Valley Road
16-029-24-24-0053	1530 Hillside Avenue North
16-029-24-24-0061	1564 Hillside Avenue North
09-029-24-21-0214	3435 Humboldt Avenue North
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09-029-24-34-0012	2635 James Avenue North
09-029-24-34-0144	2731 James Avenue North
04-029-24-24-0066	4101 James Avenue North
16-029-24-34-0066	1320 Knox Avenue North
09-029-24-21-0150	3514 Knox Avenue North
16-029-24-34-0100	1418 Logan Avenue North
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09-029-24-11-0152	3407 Lyndale Avenue North
17-029-24-11-0244	2406 McNair Avenue
17-029-24-11-0243	2410 McNair Avenue
09-029-24-33-0062	2700 Morgan Avenue North
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09-029-24-33-0190	2610 Newton Avenue North
09-029-24-32-0184	2939 Newton Avenue North
16-029-24-23-0071	2203 Oliver Avenue North
09-029-24-32-0190	2946 Oliver Avenue North
11-118-21-12-0096	5201 Oliver Avenue North
16-029-24-23-0079	2100 Penn Avenue North
17-029-24-11-0192	2301 Penn Avenue North
09-029-24-33-0223	2622 Penn Avenue North
09-029-24-33-0110	2724 Penn Avenue North
08-029-24-41-0093	2933-35 Penn Avenue North
09-029-24-23-0108	3354 Penn Avenue North
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11-118-21-12-0157	5200 Penn Avenue North
17-029-24-44-0071	1511 Queen Avenue North
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17-029-24-14-0040	2023 Queen Avenue North
08-029-24-44-0123	2659 Queen Avenue North
08-029-24-41-0152	2935 Queen Avenue North
05-029-24-44-0134	3750 Queen Avenue North
08-029-24-44-0131	2640 Russell Avenue North
17-029-24-44-0189	1317 Sheridan Avenue North
08-029-24-41-0025	2938 Sheridan Avenue North
05-029-24-41-0162	3858 Sheridan Avenue North
17-029-24-44-0175	1514 Thomas Avenue North
08-029-24-44-0087	2718 Thomas Avenue North
08-029-24-41-0226	3126 Thomas Avenue North
21-029-24-33-0119	2047 3 rd Avenue North
15-029-24-23-0040	2211 4 th Street North
15-029-24-23-0039	2215 4 th Street North
15-029-24-23-0035	2218 4 th Street North
15-029-24-22-0219	2321 4 th Street North

15-029-24-22-0242	2501 4 th Street North
10-028-24-11-0112	3807 5 th Avenue South
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11-029-24-24-0075	2631 6 th Street Northeast
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15-029-24-11-0110	52 18 th Avenue Northeast
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16-029-24-21-0161	1600 22 nd Avenue North
10-029-24-32-0165	424 31 st Avenue North
10-029-24-32-0163	427 31 st Avenue North
10-029-24-32-0164	428 31 st Avenue North
02-028-24-11-0247	1804 31 st Street East
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16-029-24-24-0048	2109 Irving Avenue North
14-029-24-14-0012	1235 Monroe Street Northeast
09-029-24-33-0107	2712-14 Penn Avenue North
08-029-24-13-0193	3210 Vincent Avenue North
35-029-24-13-0231	2527 14 th Avenue South
15-029-24-22-0154	619 26 th Avenue North

Section 3. Implementation

3.1. Be it further resolved, as provided under Minnesota Statutes, Section 469.1781, 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 these TIF 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. The term of this advance shall end upon the termination of the TIF District, although as revenues are available in the fund for the TIF District, the advance shall be offset by such amounts.