

**Adopting the Village in Phillips, Phase 2 Tax Increment Finance (TIF) Plan,  
Modification No 1 to the Village in Phillips, Phase 1 TIF Plan, and  
Modification No 2 to the Village in Phillips Redevelopment Plan**

**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, 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 It has been proposed and the City has prepared, and this Council has investigated the facts with respect to, a proposed Village in Phillips (“VIP”), Phase 2 TIF Plan, Modification No 2 to the VIP Redevelopment Plan, and a proposed Modification No 1 to the VIP, Phase 1 TIF Plan (“collectively, the Plans”). The Plans create a new TIF district, modify the existing VIP Redevelopment Plan to accommodate the activities and financing related to the proposed project, and remove a parcel from the VIP, Phase 1 TIF District in order that the parcel can be included in the VIP, Phase 2 TIF District, all pursuant to and in accordance with the Project Laws. The Plans designate property to be included within the boundaries of the TIF district, identify land uses, identify a budget for expenditures, reflect project activities and costs, and establish a housing TIF District, all pursuant to and in accordance with the Project Laws.
- 1.3 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.
- 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.

## **Section 2. Findings for the Adoption of the Plans**

- 2.1 The Council hereby finds, determines and declares that the objectives and actions authorized by the Plans are all pursuant to and in accordance with the Laws.
- 2.2 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 and TIF District by private enterprise, as the proposed development removes blight and blighting influences, facilitates homeownership opportunities for low and moderate income households, and is necessary in order to finance a portion of the public redevelopment activities essential to implement the project, in order to relieve the current shortage of decent, safe, and sanitary housing for persons of moderate or low income and their families in Minneapolis; enhance the city's tax base; will serve as an impetus for the provision of needed community redevelopment; and further, that tax increment assistance is being utilized to subsidize the extraordinary cost of providing affordable ownership housing at this site.
- 2.3 The Council hereby finds, determines and declares that the City adopted a Unified Housing Policy which consolidated existing city housing policies into one unified document. The Affordable Housing Policy approved in 1999 and updated in 2001 was rescinded and included in the Unified City of Minneapolis Housing Policy. This Policy recognizes the serious shortage of affordable housing in Minneapolis and puts forth the goal to "grow the population and to have no net loss of housing across all income levels". The Unified Housing Policy also states the City will focus on linking incentives to housing opportunities in proximity to jobs and transit. Development of the project will benefit residents by providing more housing choices as the project will provide new quality housing to low and moderate income residents. Eight units will be targeted to families at less than 50% of median income, another six units will be targeted to families at less than 80% of median income, and the remaining 22 units will be targeted to families up to 115% of median income. It is therefore found that the establishment of the VIP, Phase 2 TIF District is fully justified to facilitate public development activities and expenditures to lessen the current shortage of decent, safe, and affordable housing for low and moderate income households in Minneapolis.
- 2.4 Income requirements imposed by TIF statutes on housing districts do not apply in this district because the proposed TIF district lies within a "targeted area" as defined by M.S. 462C.02, Subd. 9, clause (e). A targeted area is therein defined to mean "a census tract in which 70% or more of the families have income which is 80% or less of the statewide median family income as estimated by the United States Department of Housing and Urban Development (HUD). The proposed TIF district lies within census tract 73.01 and 1072 of Hennepin County. The most current information available from HUD at the tract level is from the 2000 census. Based on this information, 86% of the families in census tract 73.01 and 74% of the families in census tract 1072 had family incomes at or below 80% of the statewide family median.

- 2.5 According to Minnesota Statutes, Section 469.174, Subdivision 11, and Section 469.1761, in order to establish a housing TIF district, no more than 20% of the square footage of buildings that receive assistance from tax increments may consist of commercial, retail, or other nonresidential uses. It has been projected that the gross square footage of the VIP, Phase 2 housing development will be 63,212 total square feet of which up to 1,200 square feet may be commercial space. This means that approximately 1.9% of the total square footage of the complete development may be attributable to the commercial space in the project.
- 2.6 The Council further finds, determines and declares that the VIP TIF District is a housing district pursuant to Minnesota Statutes, Section 469.174, Subdivision 11. The proposed district is located within the VIP Redevelopment Project, in accordance with the provisions of Minnesota Statutes Sections 469.001 through 469.047.
- 2.7 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. 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.
- 2.8 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 increment for the maximum duration of the district permitted by the TIF plan. Because it is the opinion of the City that the proposed Project 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. The public redevelopment activity, expenditures, and market values associated with the development proposed in the TIF 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 proposed development in this TIF District could not occur solely through private investment within the foreseeable future. The Council further finds, determines and declares that the land in the Project Area and TIF District would not be made available for development without the financial aid to be sought.
- 2.9 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 VIP, Phase 2 TIF District. The election provided in the Minnesota Statutes Section 469.177, Subdivision 3, paragraph (a) is elected.

- 2.10 The Council finds additional public benefits will include blight remediation, tax base enhancement, economic integration, and increased neighborhood livability. The creation of this TIF district is in the public interest because it will facilitate the development of a mixed-income homeownership housing project which will provide needed housing for moderate and low income persons and families.
- 2.11 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; Creation of TIF District**

- 3.1 Based upon the findings set forth in Section 2 hereof, the VIP, Phase 2 TIF Plan, Modification No 2 to the VIP Redevelopment Plan, and Modification No 1 to the VIP, Phase 1 TIF Plan 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 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.