

1. Project Area and TIF District Boundary Map
2. Method Proposed for Financing

Added
Changed

C. Objectives of the Redevelopment Plan

Changed

The primary project objective will be to identify and carry out housing redevelopment activities in the project area which will revitalize the neighborhood. Toward this end, the following goals have been identified:

- (1) Facilitate the development of underutilized property
 - Pollution remediation and clean-up
 - Revitalize property in the area to create an attractive and functional area
 - Promote reinvestment, modernization and rehabilitation as needed
- (2) Develop affordable housing units for individuals and families
- (3) Provide public improvements and infrastructure
- (4) Build East River Road connection from Main Street to 8th Avenue, opening this side of the river for desired housing
- (5) Provide sufficient parking to meet the needs of the development, and
- (6) Improve the tax base and tax generating capacity of the City

D. Types of Redevelopment Activities

No Change

The objectives of the redevelopment plan will be accomplished through the following actions: property acquisition, pollution remediation, provision of affordable residential rental units, public improvements, site improvements, provision of required infrastructure, removal of spur railroad track, new construction, administration, and other related activities.

II. Land Use Plan

No change

III. Project Proposals

No change

A. Property Acquisition

Changed

By including in this Tax Increment Finance Plan a list of property or interests in property that may be acquired, the Agency is signifying that it may be interested in acquiring the properties listed, or property interests therein, if the developer is unable to acquire the parcels privately, subject to limitations imposed by availability of funds, developer interest, staging requirements, soil contamination and other financial and

environmental considerations. Inclusion on this list does not indicate an absolute commitment on the part of the Agency to acquire a property or property interests therein.

<u>Address</u>	<u>PIN number</u>	<u>Owner</u>
625 Main Street Southeast	24-029-24-32-0079	Minneapolis Stone Arch Partners
106 6 th Avenue Southeast	23-029-24-41-0034	John Drummond

State law authorizes the Agency to acquire property either on a negotiated basis or through the use of its power of eminent domain, if necessary, to carry out a redevelopment plan. The Agency will seek to acquire property from willing sellers whenever possible, but may use its condemnation authority to acquire property identified as “property that may be acquired” only if the developer is unable to acquire the property or property interests therein directly.

B. Conditions Under Which Property May Be Acquired No Change

C. Redevelopers' Obligations No Change

IV. Relocation No Change

V. Official Action to Carry Out the Redevelopment Plan No Change

VI. Procedure for Changes in Approved Redevelopment Plan No Change

VII. Method Proposed for Financing **Changed**

The developers are a Joint Venture Real Estate Development Company formed by Principals of the Wall Companies and Lupe Development Partners, for the purpose of developing this project.

Total project costs for this project are estimated at \$37.6 million, including estimated costs for land acquisition, public improvements, site improvements, demolition, new construction, equipment, architectural and engineering fees, legal fees, other consulting fees, financing costs, contingencies, pre-develop expenses/rent reserve and deferred developer profit.

The project has already received \$750,000 in pollution remediation grants. The developer seeks to sell up to \$20 million in Fixed Rate FNMA Targeted Affordable Housing Bonds. From these bonds, the developer seeks eligible housing tax credits in the amount of \$410,000 per year for ten years, generating up to \$3.2 million in tax credit equity. The developer will receive \$3.2 million in tax increment financing through a pay-as-you-go note.

These forms of public financial assistance will be used to provide prevailing wage construction jobs and bridge the gap of providing affordable housing in today's aggressive construction market.

All sources of financing for the project include equity, subordinated bank financing, tax increment financing, FNMA Targeted Housing Fixed Rate Bonds, Low Income Housing Tax Credits, and pollution remediation grant funding.

The project TIF budget is included here as Exhibit #2.

Exhibit #1

Stone Arch Apartments
Housing TIF District Boundary and Acquisition Map
Goes here.

For viewing, please contact the MCDA

MCDA

Progress Through Partnership

Stone Arch Apartments Housing TIF District Boundary and Acquisition Map

Map prepared by Project Planning and Finance Department, MCDA,
105 5th Avenue South, Minneapolis, MN 55401

May 10, 2002

LEGEND	
	Project Area
	TIF District Boundary and Property that May be Acquired

*Minneapolis Stone Arch Apartments Redevelopment Plan
May 24, 2002*

Minneapolis Stone Arch Apartments Tax Increment Finance Plan

Preliminary Budget and Method Proposed for Financing

The purpose of this plan is to authorize public redevelopment activities and expenditures to assist with the Minneapolis Stone Arch Apartments Redevelopment Project. Anticipated public redevelopment activities include property acquisition costs, administrative costs, and other related activities.

Sources of funding for the project include equity, subordinated bank financing, tax increment financing, FNMA Targeted Housing Fixed Rate Bonds, Low Income Housing Tax Credits, and pollution remediation grant funding.

The figures, sources and methods of financing identified in this finance plan are based on the best estimates available at the time of writing. Slight changes in these figures can be expected. However, in the event that significant changes affect the structure or feasibility of this Tax Increment Finance (TIF) Plan, or result in an increase in the project costs or indebtedness of this project beyond the amounts listed herein, a modification to the plan may be necessary. Such a modification would require the same approval process as the original approval of this TIF plan. The actual public commitment to pay public redevelopment costs for this project is established by the redevelopment contract, not the TIF plan, which establishes a permissive rather than a proscriptive ceiling on public expenditures.

Stone Arch Apartments TIF District		
TIF DISTRICT BUDGET		
Sources	Up-Front	Over Time
Developer Funds	\$ 3,200,000	---
Tax Increment	---	\$ 11,278,394
Annual Local Contributions	---	---
Total Sources	\$ 3,200,000	\$ 11,278,394
 Uses		
Acquisition	\$ 2,200,000	
Relocation	\$ 550,000	
Utilities	\$ 350,000	
Construction	\$ 100,000	
Affordable Housing		\$ 843,201
Pay-As-You-Go Note Principal		\$ 3,200,000
Pay-As-You-Go Note Interest		\$ 6,107,354
MCDA Administration		\$ 1,127,839
Total Uses	\$ 3,200,000	\$ 11,278,394

**Minneapolis Stone Arch Apartments
Tax Increment Finance Plan
May 24, 2002**

- I. Tax Increment District Boundary
- II. Statement of Objectives
- III. Development Program
 - A. Description of Development Program
 - B. Property That May Be Acquired
 - C. Development Activity For Which Contracts Have Been Signed
 - D. Other Development Activity
- IV. Description of Financing
 - A. Project Costs
 - B. Bonded Indebtedness To Be Incurred
 - C. Sources of Revenue
 - D. Original Net Tax Capacity
 - E. Estimated Captured Net Tax Capacity at Completion
 - F. Duration of District
 - G. Fiscal Disparities Election
 - H. Original Tax Capacity Rate
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 - J. Affordable Housing and Expenditures Outside TIF District
- V. Type of Tax Increment Financing District
- VI. Estimated Impact on Other Taxing Jurisdictions
- VII. Basis for Finding that Development Would Not Occur Without Tax Increment Financing Assistance
- VIII. Modifications to Tax Increment Financing Plans

Exhibits

- 1) TIF District and Project Area Boundary Map
- 2) Property Acquisition Map
- 3) Project Area Report and Documentation of Eligibility
- 4) Site Plan

Changed

Minneapolis Stone Arch Apartments Tax Increment Finance Plan

May 24, 2002

Introduction

Modification No. 2 to the Minneapolis Stone Arch Apartments Redevelopment Plan and the Minneapolis Stone Arch Tax Increment Finance Plan (collectively, “The Plans”) have been prepared to authorize the creation of a new Housing Tax Increment Finance (TIF) district.

This TIF plan authorizes public redevelopment activities and expenditures, establishes a new housing tax increment financing district and a budget for eligible expenditures of the project. Tax increment will be used to pay a portion of the public redevelopment costs for new construction associated with the project, in addition to MCDA administrative costs and off-site affordable housing development.

The Minneapolis Stone Arch Apartments Redevelopment Project Area is located at the trailhead of the Stone Arch Bridge on Main Street Southeast between 6th and 8th Avenues Southeast, and occupies three separate parcels totaling approximately 143,000 square feet. The properties are industrial brownfields contaminated with coal dust and petroleum. There are also isolated areas of debris throughout the property. However, only two of the three parcels will be included in the new Tax Increment Finance District.

The redevelopment of this area would turn currently underutilized, contaminated land into a useful and valuable resource for the provision of needed rental housing. The proposed development will provide 221 units of rental housing in an appropriate mix of studio, one-, and two-bedroom configurations. The project is within walking distance to the downtown core, is of high quality construction, implements the first phase of the University/City approved River Road-to-Main Street Plan, and opens the east bank directly for residential use. The proposed development consists of 91 units of affordable housing – 44 units affordable at 50% of area median income and 47 units affordable at 60% of area median income – and 130 units at market rate.

The site plan for this proposed development is included here as Exhibit #4.

The Minneapolis Stone Arch Apartments TIF District is being established under the plan, powers and authority of the Minneapolis Stone Arch Apartments Redevelopment Project.

TAX INCREMENT FINANCE PLAN

I. Tax Increment District Boundary

The property to be included in the proposed TIF district includes two parcels, and portions of adjacent streets and can be described as follows:

<u>Address</u>	<u>PIN number</u>
625 Main Street Southeast	24-029-24-32-0079
106 6 th Avenue Southeast	23-029-24-41-0034

The Project Area Report, which provides a more detailed description of the existing property conditions, and documents the eligibility of this site for the establishment of a Housing TIF District, is appended as Exhibit #3 to this plan.

II. Statement of Objectives

Changed

The objectives for this project are described in the Minneapolis Stone Arch Apartments Redevelopment Plan in Section C and are listed below:

The primary project objective will be to identify and carry out housing redevelopment activities in the project area which will revitalize the neighborhood. Toward this end, the following goals have been identified:

- (2) Develop affordable housing units for individuals and families
- (2) Facilitate the development of underutilized property
 - Pollution remediation and clean-up
 - Revitalize property in the area to create an attractive and functional area
 - Promote reinvestment, modernization and rehabilitation as needed
- (3) Provide public improvements and infrastructure
- (4) Build East River Road connection from Main Street to 8th Avenue, opening this side of the river for desired housing
- (6) Provide sufficient parking to meet the needs of the development, and
- (6) Improve the tax base and tax generating capacity of the City

III. Development Program

A. Description of Development Program

The developer of The Minneapolis Stone Arch Apartments, Minneapolis Stone Arch Partners, LLC, is proposing construction of a 221-unit apartment building containing four floors of living space over two levels of underground parking. There will be 91 units of affordable housing (44 units at 50% of AMI and 47 units at 60% of AMI) with the remaining units at market rate. The development is of high quality construction in an appropriate mix of studio, one-, and two-bedroom units and is within walking distance to the downtown core.

The redevelopment of this area would convert currently underutilized, contaminated land into a valuable resource for the provision of critically needed affordable rental housing units.

Reports from the Family Housing Fund, the State of City 2001 (published 2002), and “A Dream Deferred: The 50/30 Housing Research Initiative,” published by the Urban Coalition and the Roy Wilkins Center all support the need for affordable housing. The State of the City 2001 refers to the current affordable housing situation as “serious” and identifies the lack of affordable housing as a contributing factor in homelessness and poor academic performance in children.

The community in which the project is located, the University community, has suffered a net decrease of 53.1% in available affordable housing units in the last three years. Availability decreases while rents continue to increase (an average of 46% and 23% respectively in the last three years).

The project implements the first phase of the University/City approved River Road-to-Main Street Plan, opens up the east bank directly for residential use, and serves as a gateway entrance to the Marcy-Holmes neighborhood by offering housing choices that will attract entry-market renters working in the downtown core.

Tax increment revenue and other public funds will be necessary to pay a portion of the eligible public redevelopment activities associated with this project.

B. Property That May Be Acquired

Changed

By including in this Tax Increment Finance Plan a list of property or interests in property that may be acquired, the Agency is signifying that it may be interested in acquiring the properties listed, or property interests therein, if the developer is unable to acquire the parcels privately, subject to limitations imposed by availability of funds, developer interest, staging requirements, soil contamination and other financial and environmental considerations. Inclusion on this list does not indicate an absolute commitment on the part of the Agency to acquire a property or property interests therein.

<u>Address</u>	<u>PIN number</u>	<u>Owner</u>
625 Main Street Southeast	24-029-24-32-0079	Minneapolis Stone Arch Partners
106 6 th Avenue Southeast	23-029-24-41-0034	John Drummond

State law authorizes the Agency to acquire property either on a negotiated basis or through the use of its power of eminent domain, if necessary, to carry out a redevelopment plan. The Agency will seek to acquire property from willing sellers whenever possible, but may use its condemnation authority to acquire property identified as “property that may be acquired” only if the developer is unable to acquire the property or property interests therein directly.

C. Development Activity for Which Contracts Have Been Signed and Other Specific Development Expected to Occur

The MCDA is currently negotiating development agreements with Minneapolis Stone Arch Partners LLC.

D. Other Development Activity

None.

IV. Description of Financing

The purpose of this plan is to authorize public redevelopment activities and expenditures to assist with the Minneapolis Stone Arch Apartments Project. Anticipated public redevelopment activities may include property acquisition costs, new construction, pollution remediation, administration, on-site and off-site affordable housing development, and other related activities.

Sources of funds include tax increment financing through a pay-as-you-go note, equity, subordinated bank financing, FNMA Targeted Affordable Housing Fixed Rate Bonds, Low Income Housing Tax Credits, and pollution remediation grants.

The figures, sources and methods of financing identified in this finance plan are based on the best estimates available at the time of writing. Slight changes in these figures can be expected. However, in the event that significant changes affect the structure or feasibility of this TIF Plan, or result in an increase in the project costs or indebtedness of this project beyond the amounts listed herein, a modification to the TIF plan might be necessary. Such a modification would require the same approval process as the original approval of this TIF plan. The actual public commitment to pay public redevelopment costs for this project is established by the redevelopment contract, not the TIF plan, which establishes a permissive rather than proscriptive ceiling on public expenditures.

A. Project Costs

TIF District Budget

Sources	Up-Front	Over Time
Developer Funds	\$ 3,200,000	---
Tax Increment	---	\$12,615,385
Total Sources.	\$ 3,200,000	\$12,615,385
Uses		
Acquisition	\$ 2,200,000	---
Relocation	\$ 550,000	---
Utilities	\$ 350,000	---
Housing Construction	\$ 100,000	---
Affordable Housing	---	\$ 3,200,000
Pay-As-You-Go Note Principal	---	\$ 5,000,000
Pay-As-You-Go Note Interest	---	\$ 380,000
MCDA Administration	---	\$ 1,261,538
Affordable Housing	---	\$ 3,153,846
Total Uses.	\$ 3,200,000	\$12,615,385

B. Bonded Indebtedness To Be Incurred

It is anticipated that the developer will receive Tax Exempt Housing Revenue Bonds in an amount not to exceed \$3.6 million. Up-front public redevelopment costs will be financed with pay-as-you-go tax increment financing. With pay-as-you-go tax increment financing, the developer finances eligible public redevelopment costs under contract with the City or MCDA, in exchange for a note that pledges repayment of these costs, with interest, out of the tax increment revenue generated by the project. This approach reduces the financing risks for the City, since the developer is only fully reimbursed if sufficient tax increment revenue is actually generated by the new development.

C. Sources of Revenue

Tax increment generated within the Minneapolis Stone Arch Apartments Housing TIF District will be a source of public funds used to pay a portion of eligible public redevelopment costs associated with the Minneapolis Stone Arch Apartments Redevelopment Project. Other sources of funds to pay public redevelopment costs may include State and regional grants, Metropolitan Council LCDA funds, Hennepin County funds, and other sources that have not yet been identified.

D. Original Net Tax Capacity

The 2002 estimated market value of the tax parcels included is \$503,700. This will result in an original net tax capacity of approximately \$6,296 upon property reclassification.

E. Estimated Captured Net Tax Capacity at Completion

Upon completion of the redevelopment it is anticipated that the estimated market value of taxable property in the District will increase from \$503,700 to approximately \$20,800,000. This represents an increase of \$20,296,300 and will generate a total net tax capacity of approximately \$260,000, and an estimated captured net tax capacity of \$253,704.

Based upon a total local tax rate of approximately 147.663%, this will generate an estimated annual gross tax increment payment of \$374,627 (excluding deduction for State Auditor Fee).

F. Duration of District

The Minneapolis Stone Arch Apartments TIF District is a Housing TIF District. Tax increment can be paid to the MCDA for up to twenty-six years of increment collection, or such period as is authorized by law and is necessary to complete financing of the eligible project costs.

G. Fiscal Disparities Election

It is the intent of the MCDA and the City of Minneapolis that the entire fiscal disparity contribution required of the City for development occurring within this district be taken from outside the Minneapolis Stone Arch Apartments TIF District. The option provided in Minnesota Statutes Section 469.177, Subdivision 3, Paragraph (a) of the Minnesota Tax Increment Financing Act is elected.

H. Original Tax Capacity Rate

The Original Tax Capacity Rate for this district will be the local tax capacity rate for taxes payable (TP) 2003. For project and impact purposes, a total tax rate of 147.663% (payable 2002) has been used.

I. Permit Activity and Prior Planned Improvements

The Minneapolis Stone Arch Apartments project does not include any prior planned improvements that would have been constructed without the approval of this project, and the tax increment and other public financial assistance to be received.

The letter requesting certification by Hennepin County of the Minneapolis Stone Arch Apartments TIF District will be accompanied by a list of all of the building permits issued for the properties included in this district during the eighteen months immediately preceding approval of this tax increment financing plan, as mandated by Minnesota Statutes, Section 469.175, Subdivision 3.

J. Affordable Housing and Expenditures Outside TIF District

Pursuant to M.S. Section 469.176, Subd. 4k, tax increment may be spent to assist affordable housing meeting the requirements of M.S. Section 469.173, Subd. 2, paragraph (d), which states that such expenditures must:

- (1) be used exclusively to assist housing that meets the requirements for a qualified low income building (as defined in Section 42 of the IRC);

- (2) not exceed the qualified basis of the housing (as defined in Section 42c of the IRC) less the amount of any credit allowed under Section 42; and
- (3) be used to:
 - (i) acquire and prepare the site of the housing;
 - (ii) acquire, construct, or rehabilitate the housing; or
 - (iii) make public improvements directly relating to the housing.

Tax increment expenditures for the qualifying affordable housing costs listed above are not restricted to the TIF district or project area, but may be spent anywhere in the city. However, the amount of tax increment used for such purposes is restricted.

Pursuant to M.S. Section 469.1763, Subd. 2, up to 25% of the tax increment from a redevelopment TIF district may be spent on activities located outside the boundaries of the TIF district. An authority may elect in the TIF plan to increase this amount by up to 10% (maximum total of 35%), provided that these additional expenditures meet the affordable housing requirement listed above. Administrative expenses are considered expenditures outside of the district.

Pursuant to the provisions, requirements and restrictions noted above, the Agency elects to increase by 10% the amount of tax increment that may be expended outside the boundaries of the TIF district. It currently anticipates that up to 10% of the increment collected from the district (over its lifetime) may be used for administrative purposes, and up to 25% of the increment collected from the district (over its lifetime) will be used for affordable housing purposes.

V. Type of Tax Increment Financing District

The proposed TIF District is a Housing District pursuant to Minnesota Statutes Section 469.174 Subdivision 11. Additional information about the eligibility of this area for inclusion within a Housing TIF district can be found in the Project Area Report and Documentation of Eligibility, which is appended as Exhibit #3 to this Plan.

VI. Estimated Impact on Other Taxing Jurisdictions

It is the position of the Minneapolis Community Development Agency and the City of Minneapolis that the redevelopment of the property would not occur as proposed without the tax increment financing assistance to be provided.

Nevertheless, if it is assumed for purposes of analysis that the proposed development would occur without the tax increment financing assistance and that the estimated captured tax capacity generated by the development would under those circumstances be immediately available to the taxing jurisdictions, then the estimated annual impact on the taxing jurisdictions would be as follows:

Taxing Jurisdictions	Preliminary Tax Capacity Rate Payable 2002	Property Tax Revenues Resulting from \$253,704 Captured Tax Capacity
City of Minneapolis	59.054	\$149,822
Hennepin County	44.748	\$113,527
Special School District #1	32.961	\$ 83,623
Other Taxing Jurisdictions	10.900	\$ 27,654
Total	147.663%	\$374,627

VII. Basis for Finding that Development Would Not Occur Without Tax Increment Financing Assistance

Minnesota Statutes, Section 469.175, Subdivision 3, provides that prior to the approval of a tax increment financing plan, the City Council must find that the proposed development or redevelopment would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and therefore the use of tax increment financing is deemed necessary.

It is the position of the Minneapolis Community Development Agency and the City of Minneapolis that the private redevelopment of the property included in the TIF District could not occur without public participation and financial assistance. This conclusion is based upon the following factors:

The project will eliminate underutilized, polluted and vacant parcels, result in the provision of needed affordable housing units, provide needed parking, and assist in the revitalization of the Central Riverfront. Revenue generated from the project is not sufficient to fully amortize the extraordinary cost of pollution remediation, acquisition expenditures, demolition and construction.

Therefore, it is the opinion of the City of Minneapolis that the proposed redevelopment project to be financed, in part, by this TIF District would not occur solely through private investment within the foreseeable future.

The TIF Act requires that a potential TIF district must also pass a market value test in order to make a finding 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 this TIF Plan.

Because it is the opinion of the City of Minneapolis that the proposed redevelopment 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 on the next page of this plan. As shown on page 10, 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.

VIII. Modifications to Tax Increment Finance Plans

This Tax Increment Finance Plan may be modified, provided that the Agency and City Council shall adopt such modifications under the provisions of the Tax Increment Financing Act, Minnesota Statutes, Section 469.175, Subdivision 4.

This plan reflects the establishment of the Minneapolis Stone Arch Apartments Housing Tax Increment Financing District.

Stone Arch Apartments TIF District

Valuation and Tax Increment Assumptions			
	<u>Pay 2003</u>	<u>Pay 2004</u>	<u>Pay 2005</u>
Total Estimated Market Value (EMV)	\$503,700	\$5,200,000	\$20,800,000
Less: Original EMV	<u>503,700</u>	<u>503,700</u>	<u>503,700</u>
Captured EMV	\$0	\$4,696,300	\$20,296,300
Total Net Tax Capacity (NTC)	\$6,296	\$65,000	\$260,000
Less: Original NTC	<u>6,296</u>	<u>6,296</u>	<u>6,296</u>
Captured NTC	\$0	\$58,704	\$253,704
Times: Projected Total Tax Rate	<u>147.663%</u>	<u>147.663%</u>	<u>147.663%</u>
Gross Tax Increment	\$0	\$86,684	\$374,627
Less: State Auditor's Fee (.50%)	<u>0</u>	<u>433</u>	<u>1,873</u>
Tax Increment Distributed to MCDA	\$0	\$86,251	\$372,754

25 Years of TI Collection	Market Value Test																																																																																																												
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Years of TIF Collection</th> <th style="text-align: center;">Payable Year</th> <th style="text-align: center;">Tax Increment Distributed To MCDA</th> </tr> </thead> <tbody> <tr><td style="text-align: center;">---</td><td style="text-align: center;">2001</td><td style="text-align: right;">\$0</td></tr> <tr><td style="text-align: center;">---</td><td style="text-align: center;">2002</td><td style="text-align: right;">0</td></tr> <tr><td style="text-align: center;">0</td><td style="text-align: center;">2003</td><td style="text-align: right;">0</td></tr> <tr><td style="text-align: center;">1</td><td style="text-align: center;">2004</td><td style="text-align: right;">86,251</td></tr> <tr><td style="text-align: center;">2</td><td style="text-align: center;">2005</td><td style="text-align: right;">372,754</td></tr> <tr><td style="text-align: center;">3</td><td style="text-align: center;">2006</td><td style="text-align: right;">380,393</td></tr> <tr><td style="text-align: center;">4</td><td style="text-align: center;">2007</td><td style="text-align: right;">380,393</td></tr> <tr><td style="text-align: center;">5</td><td style="text-align: center;">2008</td><td style="text-align: right;">380,393</td></tr> <tr><td style="text-align: center;">6</td><td style="text-align: center;">2009</td><td style="text-align: right;">380,393</td></tr> <tr><td style="text-align: center;">7</td><td style="text-align: center;">2010</td><td style="text-align: right;">380,393</td></tr> <tr><td style="text-align: center;">8</td><td style="text-align: center;">2011</td><td style="text-align: right;">380,393</td></tr> <tr><td style="text-align: center;">9</td><td style="text-align: center;">2012</td><td style="text-align: right;">380,393</td></tr> <tr><td style="text-align: center;">10</td><td style="text-align: center;">2013</td><td style="text-align: right;">380,393</td></tr> <tr><td style="text-align: center;">11</td><td style="text-align: center;">2014</td><td style="text-align: right;">380,393</td></tr> <tr><td style="text-align: center;">12</td><td style="text-align: center;">2015</td><td style="text-align: right;">380,393</td></tr> <tr><td style="text-align: center;">13</td><td style="text-align: center;">2016</td><td style="text-align: right;">380,393</td></tr> <tr><td style="text-align: center;">14</td><td style="text-align: center;">2017</td><td style="text-align: right;">380,393</td></tr> <tr><td style="text-align: center;">15</td><td style="text-align: center;">2018</td><td style="text-align: right;">380,393</td></tr> <tr><td style="text-align: center;">16</td><td style="text-align: center;">2019</td><td style="text-align: right;">380,393</td></tr> <tr><td style="text-align: center;">17</td><td style="text-align: center;">2020</td><td style="text-align: right;">380,393</td></tr> <tr><td style="text-align: center;">18</td><td style="text-align: center;">2021</td><td style="text-align: right;">380,393</td></tr> <tr><td style="text-align: center;">19</td><td style="text-align: center;">2022</td><td style="text-align: right;">380,393</td></tr> <tr><td style="text-align: center;">20</td><td style="text-align: center;">2023</td><td style="text-align: right;">380,393</td></tr> <tr><td style="text-align: center;">21</td><td style="text-align: center;">2024</td><td style="text-align: right;">380,393</td></tr> <tr><td style="text-align: center;">22</td><td style="text-align: center;">2025</td><td style="text-align: right;">380,393</td></tr> <tr><td style="text-align: center;">23</td><td style="text-align: center;">2026</td><td style="text-align: right;">380,393</td></tr> <tr><td style="text-align: center;">24</td><td style="text-align: center;">2027</td><td style="text-align: right;">380,393</td></tr> <tr><td style="text-align: center;">25</td><td style="text-align: center;">2028</td><td style="text-align: right;"><u>380,393</u></td></tr> <tr><td></td><td></td><td style="text-align: right;">\$9,208,044</td></tr> <tr><td> </td><td></td><td></td></tr> <tr> <td style="text-align: center;">P.V. @</td> <td style="text-align: center;">5.00%</td> <td style="text-align: right;">\$4,602,425</td> </tr> </tbody> </table>	Years of TIF Collection	Payable Year	Tax Increment Distributed To MCDA	---	2001	\$0	---	2002	0	0	2003	0	1	2004	86,251	2	2005	372,754	3	2006	380,393	4	2007	380,393	5	2008	380,393	6	2009	380,393	7	2010	380,393	8	2011	380,393	9	2012	380,393	10	2013	380,393	11	2014	380,393	12	2015	380,393	13	2016	380,393	14	2017	380,393	15	2018	380,393	16	2019	380,393	17	2020	380,393	18	2021	380,393	19	2022	380,393	20	2023	380,393	21	2024	380,393	22	2025	380,393	23	2026	380,393	24	2027	380,393	25	2028	<u>380,393</u>			\$9,208,044	 			P.V. @	5.00%	\$4,602,425	<p><u>Analysis Required by M.S. Section 469.175, Subd. 3 (2)</u></p> <p>(1) "... the increased market value of the site that could reasonably be expected to occur without the use of tax increment ...":</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">(a) Projected estimated market value without the use of tax increment</td> <td style="text-align: right; vertical-align: bottom;">\$503,700</td> </tr> <tr> <td style="width: 80%;">(b) Original estimated market value</td> <td style="text-align: right; vertical-align: bottom;"><u>503,700</u></td> </tr> <tr> <td style="width: 80%;">(c) Increased estimated market value without the use of tax increment = (a) - (b)</td> <td style="text-align: right; vertical-align: bottom;">\$0</td> </tr> </table> <p>(2) "... 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 plan.":</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">(d) Increase in the estimated market value of the completed development.</td> <td style="text-align: right; vertical-align: bottom;">\$20,800,000</td> </tr> <tr> <td style="width: 80%;">(e) Present value of the projected tax increments for the maximum duration of the district</td> <td style="text-align: right; vertical-align: bottom;"><u>4,602,425</u></td> </tr> <tr> <td style="width: 80%;">(f) Difference = (d) - (e)</td> <td style="text-align: right; vertical-align: bottom;">\$16,197,575</td> </tr> </table> <p>(3) Since (c) is less than (f), the proposed development or redevelopment passes the test.</p>	(a) Projected estimated market value without the use of tax increment	\$503,700	(b) Original estimated market value	<u>503,700</u>	(c) Increased estimated market value without the use of tax increment = (a) - (b)	\$0	(d) Increase in the estimated market value of the completed development.	\$20,800,000	(e) Present value of the projected tax increments for the maximum duration of the district	<u>4,602,425</u>	(f) Difference = (d) - (e)	\$16,197,575
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Stone Arch Apartments Housing TIF District Boundary and Acquisition Map
Goes here

For Viewing, contact the MCDA

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**PROJECT AREA REPORT
AND DOCUMENTATION OF ELIGIBILITY**

**Minneapolis Stone Arch Apartments Tax Increment Finance Plan
May 24, 2002**

A redevelopment project has been proposed by Minneapolis Stone Arch Partners that will facilitate development of a multi-unit housing complex in the Marcy-Holmes Neighborhood of Southeast Minneapolis.

The purpose of this Project Area Report and Documentation of Eligibility is to describe the conditions that qualify the Stone Arch Apartments Redevelopment site as a Housing Tax Increment Financing District.

The Minneapolis Stone Arch Apartments Redevelopment Project (the “Redevelopment Project”) is to be a Housing Tax Increment Finance District as defined in the Minnesota Tax Increment Act (Minnesota Statutes, Section 469.174, Subdivision 11). According to Subdivision 11, “housing district means a type of tax increment finance district which consists of a project, or a portion of a project, intended for occupancy, in part, by persons or families of low and moderate incomes, as defined in chapter 462A, Title II of the National Housing Act of 1934, the National Housing Act of 1959, the United States Housing Act of 1937, as amended, Title V of the Housing Act of 1949, as amended, any other similar present or future federal, state, or municipal legislation, or the regulations promulgated under any of those acts.”

Additionally, the proposed project must satisfy the income requirements for a Housing Tax Increment Finance District as stated in the Minnesota Tax Increment Act (Minnesota Statutes, Section 469.1761, Subdivision 3) Subdivision 3 states that rental housing must meet one of the following tests in order to qualify as a Housing Tax Increment District:

1. At least 20 percent of the units must be occupied by individuals whose income is 50 percent or less of the area median gross income; or
2. At least 40 percent of the units must be occupied by individuals whose income is 60 percent or less of the area median gross income; or
3. At least 50 percent of the units must be occupied by individuals whose income is 80 percent or less of the area median gross income.

The proposed project meets the income requirements for a Housing Tax Increment Finance District. Income guidelines will be monitored for the life of the district.

Anticipated public redevelopment activities include site preparation, contamination cleanup, public improvements, parking, new construction and other related activities. These actions are being undertaken for the purposes of providing affordable rental housing units, pollution cleanup, site improvements including removal of spur rail track, provision of city service infrastructure and underground parking adequate to serve the project, and increasing the tax base of the City.

The site is largely vacant consisting only of an outdoor parking surface for automobiles and construction equipment, a Quonset-style building used for storage and an abandoned concrete foundation.

The Project Area has been adversely impacted by a variety of past land uses including woodworking, rail traffic, construction and automobile parking, snow storage and support uses for a steam plant located to the south, such as welding, equipment storage, construction staging, and coal storage.

Eligibility Findings

The Minneapolis Stone Arch Apartments Redevelopment Project proposes new construction of a 221-unit apartment building with 91 units of affordable housing – 44 units affordable at 50% of AMI and 47 units affordable at 60% of AMI. The remaining 130 units will be at market rate.

Therefore, the proposed project qualifies as a Housing Tax Increment Financing District under Minnesota Statutes. Findings to this affect will be included in the resolutions considered by the City Council of the City of Minneapolis at the time that this plan document is offered for approval.

Documentation supporting these findings is on file in the offices of the Minneapolis Community Development Agency, Suite 600, Crown Roller Mill, 105 Fifth Avenue South, Minneapolis, Minnesota, 55401.

Exhibit #4

Minneapolis Stone Arch Apartments Proposed Site Plan

For viewing, please contact MCDA