



**Modification No. 14  
to the  
Seward South Urban Renewal Plan  
and**

**Modification No. 102  
to the  
Common Development and Redevelopment and  
Common Tax Increment Finance Plan**

**November 12, 2004**

Prepared by Development Finance Division  
105 5th Avenue South, Minneapolis, Minnesota 55401

**Modification No. 14 to the Seward South  
Urban Renewal Plan  
November 12, 2004**

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**Modification No. 14  
to the  
Seward South Urban Renewal Plan**

and

**Modification No. 102 to the Common Development and Redevelopment and  
Common Tax Increment Finance Plan  
November 12, 2004**

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Plan documents have been prepared that are related to the proposed mixed use rental housing project that has been proposed in the Longfellow neighborhood in Ward 9 of South Minneapolis. The plan documents include the Hiawatha Commons Tax Increment Finance ("TIF") Plan, Modification No. 14 to the Seward South Urban Renewal Plan (County TIF Designation #10) and Modification No. 102 to the Common Development and Redevelopment and Common TIF Plans (collectively, the "Plans").

**This Modification No. 14 to the Seward South Urban Renewal Plan** removes parcels from the existing TIF District in order that those parcels can be included in the new Hiawatha Commons TIF District. The new public redevelopment costs associated with the proposed rental project cannot be financed within the limitations imposed by the existing Seward South TIF District because of statutory limitations on the use of tax increment from the TIF District #10, the short remaining term of the existing district, and the impact of the prior pledge of revenue from the district to the outstanding debt of other projects. For that reason a request has been made to release the parcels from the prior pledge of Tax Increment Revenue Bonds of 1990 (the Common Project) by the MBIA Insurance Corporation. A request will also be made to Hennepin County to decertify and remove the two affected parcels from the existing TIF District #10.

Because the Seward South TIF District is in the Common Project, **Modification No. 102 to the Common Plans** has also been prepared. The parcels included in the new **Hiawatha Commons TIF District** remain within the existing Seward South Project Area. The geographical area of the Seward South Urban Renewal Project is included within the Common Project; however, the new **Hiawatha Commons TIF District** is not being incorporated into the Common Project. Rather, it is intended to be a freestanding TIF district and will not be subject to the existing Common Project obligations and commitments.

Modification No. 14 to the Seward South Urban Renewal Plan authorizes the creation of a new tax increment finance district as a tool for carrying out the redevelopment activities described therein.

## B. Description of Project

Hiawatha Commons is a mixed-use, mixed income project, combining four floors of rental housing over first floor retail and underground parking at the northwest corner of Minnehaha Mall located at East Lake Street and Hiawatha Avenue. Alliance Housing Incorporated (AHI) is proposing to develop 80 units of rental housing that will provide housing for low-income, single, working adults and low-to-moderate income families looking for housing close to transit, retail, and employment. This will be the first project in the Hiawatha Corridor to provide expanded neighborhood retail and mixed-income housing. The project will include underground and surface parking, a ground floor of commercial space plus apartments' entry and office area, and four floors of affordable and 16 market rate apartments. Hiawatha Commons will be located near the Seward Industrial Park, retail stores such as Target, Cub Foods, and Rainbow Foods, as well as other smaller retailers and services. The core tenant base will be people currently working in the area as well as future employees.

The proposed project will be situated on nearly two acres of land located directly north of Minnehaha Mall and west of the Cub Foods store along Lake Street east of Hiawatha Avenue. The site is currently part of the parking lot shared by Minnehaha Mall and Cub Foods. The northern border of the site is the railroad track corridor that is slated to become part of Midtown Greenway.

**This Modification No. 14 to the Seward South Urban Renewal Plan** authorizes the creation of a new housing TIF district and removes parcels from the existing TIF District in order that those parcels can be included in the new Hiawatha Commons TIF District. The new public redevelopment costs associated with the proposed rental project cannot be financed within the limitations imposed by the existing Seward South TIF District because of statutory limitations on the use of tax increment from the TIF District #10, the short remaining term of the existing district, and the impact of the prior pledge of revenue from the district to the outstanding debt of other projects. For that reason a request has been made to release the parcels from the prior pledge of Tax Increment Revenue Bonds of 1990 (the Common Project) by the MBIA Insurance Corporation. A request will also be made to Hennepin County to decertify and remove the two affected parcels from the existing TIF District #10.

1. The portions of the parcels to be removed from the Seward South TIF District #10 can be described as follows:

### PROPOSED PROPERTY DESCRIPTION

That part of the following described property:

The Southeast Quarter of the Southwest Quarter and the Southwest Quarter of the Southeast Quarter of Section 36, Township 29, Range 24;

Lots 1, 2 and 3, AUDITOR'S SUBDIVISION NO. 119, files of the County Recorder;

Outlot A, MINNEHAHA INDUSTRIAL PARK, according to the recorded plat thereof;

Vacated Minnehaha Avenue and vacated East 28th Street;

All in Hennepin County, Minnesota.

Described as beginning at the most westerly corner of said Outlot A; thence on an assumed bearing of North 71 degrees 47 minutes 06 seconds East, along the southeast line of said Outlot A and the north line of said AUDITOR'S SUBDIVISION NO. 119, a distance of 102.29 feet to a point 386.63 feet easterly of the most westerly corner of said AUDITOR'S SUBDIVISION NO. 119, as measured along said north line of AUDITOR'S SUBDIVISION NO. 119; thence South 64 degrees 11 minutes 06 seconds West a distance of 191.39 feet; thence South 27 degrees 05 minutes 11 seconds East a distance of 60.77 feet; thence South 89 degrees 10 minutes 51 seconds East a distance of 260.23 feet; thence North 64 degrees 27 minutes 55 seconds East a distance of 188.12 feet; thence North 0 degrees 08 minutes 10 seconds East a distance of 160.36 feet; thence northeasterly a distance of 32.33 feet along a tangential curve concave to the southeast, having a radius of 40.00 feet and a central angle of 46 degrees 18 minutes 32 seconds; thence North 46 degrees 26 minutes 42 seconds East, tangent to said curve, a distance of 61.72 feet to the northeast line of said Outlot A; thence northwesterly a distance of 62.30 feet, along said northeast line of Outlot A, being a non-tangential curve concave to the northeast, having a radius of 850.00 feet, a central angle of 4 degrees 11 minutes 57 seconds and a chord which bears North 65 degrees 01 minute 20 seconds West to the most northerly corner of said Outlot A; thence southwesterly a distance of 209.92 feet, along the northwest line of said Outlot A, being a non-tangential curve concave to the northwest, having a radius of 622.96 feet, a central angle of 19 degrees 18 minutes 24 seconds and a chord which bears South 53 degrees 53 minutes 44 seconds West to a point of tangency in said northwest line of Outlot A; thence South 63 degrees 32 minutes 56 seconds West, tangent to said curve and along said northwest line of Outlot A, a distance of 239.90 feet to the point of beginning. EXCEPT that part of the Southeast Quarter of the Southwest Quarter and that part of the Southwest Quarter of the Southeast Quarter, Section 36, Township 29, Range 24, described as follows: Beginning at the angle point on the Northerly line of Lot 3, Auditor's Subdivision Number One Hundred and Nineteen Hennepin County Minnesota, said angle point being 31.96 feet Easterly from the most Westerly corner of said Lot 3; thence on an assumed bearing of South 46 degrees 40 minutes 31 seconds East along the Northerly line of said Lot 3, a distance of 31.68 feet, more or less, to an angle point on said Northerly line; thence North 62 degrees 45 minutes East, along the Northerly line of said Lot 3 and its extension a distance of 171.9 feet to the center line of vacated Minnehaha Avenue, as said avenue is shown on the plat of South Side Addition to the City of Minneapolis; thence North 27 degrees 15 minutes West, along said center line, a distance of 14.15 feet, to an intersection with the Westerly extension of the center line of vacated East 28th Street, as said street is shown on the plat of South Side Addition to the City of Minneapolis; thence South 67 degrees 40 minutes 37

seconds West, a distance of 183.11 feet to the point of beginning, according to the government survey thereof.

AND

That part of the Southeast Quarter of the Southwest Quarter and that part of the Southwest Quarter of the Southeast Quarter, Section 36, Township 29, Range 24, described as follows: Beginning at the angle point on the Northerly line of Lot 3, Auditor's Subdivision Number One Hundred and Nineteen Hennepin County Minnesota, said angle point being 31.96 feet Easterly from the most Westerly corner of said Lot 3; thence on an assumed bearing of South 46 degrees 40 minutes 31 seconds East along the Northerly line of said Lot 3, a distance of 31.68 feet, more or less, to an angle point on said Northerly line; thence North 62 degrees 45 minutes East, along the Northerly line of said Lot 3 and its extension a distance of 171.9 feet to the center line of vacated Minnehaha Avenue, as said avenue is shown on the plat of South Side Addition to the City of Minneapolis; thence North 27 degrees 15 minutes West, along said center line, a distance of 14.15 feet, to an intersection with the Westerly extension of the center line of vacated East 28th Street, as said street is shown on the plat of South Side Addition to the City of Minneapolis; thence South 67 degrees 40 minutes 37 seconds West, a distance of 183.11 feet to the point of beginning, according to the government survey thereof.

NOTE: A portion of the above described property contains Torrens property.

## 2. Objectives of the Redevelopment Plan

The development proposes to use tax increment financing to accomplish the objectives of the Seward South Urban Renewal Plan, dated April 19, 1966, as updated in subsequent modifications, and the following objectives which are consistent with City development objectives:

- Provide affordable housing to low income individuals and families.
- Meet the needs of low wage workers for affordable housing at a location close to light rail transit, and serve the housing needs of higher income households.
- Provide an array of housing choices that meet the needs of current residents and attract new residents to the city with an emphasis on providing affordable housing.
- Eliminate blighting influences throughout the city.
- Support redevelopment efforts that enhance and preserve unique urban features and amenities.
- Provide commercial space that will improve retail opportunities by providing approximately 8-10 retail units.
- Increase the City's property tax base and maintain its population diversity.

## C. Land Use Plan

### 1. Land Use Map

The proposed land use is residential/mixed use. See Exhibit #1, attached.

H. Statement of Method Proposed for Financing

Section H. of the Seward South Urban Renewal Plan is modified as follows:

Total development costs for the Hiawatha Commons project is currently estimated at approximately \$12,043,781. Tax increment financing assistance in an amount not to exceed \$910,000 may be provided for affordable housing construction. This TIF assistance will be provided to Hiawatha Housing Limited Partnership through the issuance of a pay-as-you-go tax increment revenue note (the "TIF Note"). The TIF Note will be issued to Hiawatha Housing Limited Partnership by the City and will have a stated interest rate.

As tax increment is generated by the project in future years, a portion of the tax increment collected by the City will be paid to the noteholder (twice a year) as payment of principal and interest on the TIF Note. A portion of the tax increment collected by the City may also be used for administrative purposes or other affordable housing purposes as allowed by Minnesota State Statutes and stated in the tax increment budget. The tax increment budget for the TIF district is shown below:

**Hiawatha Commons TIF District Budget**

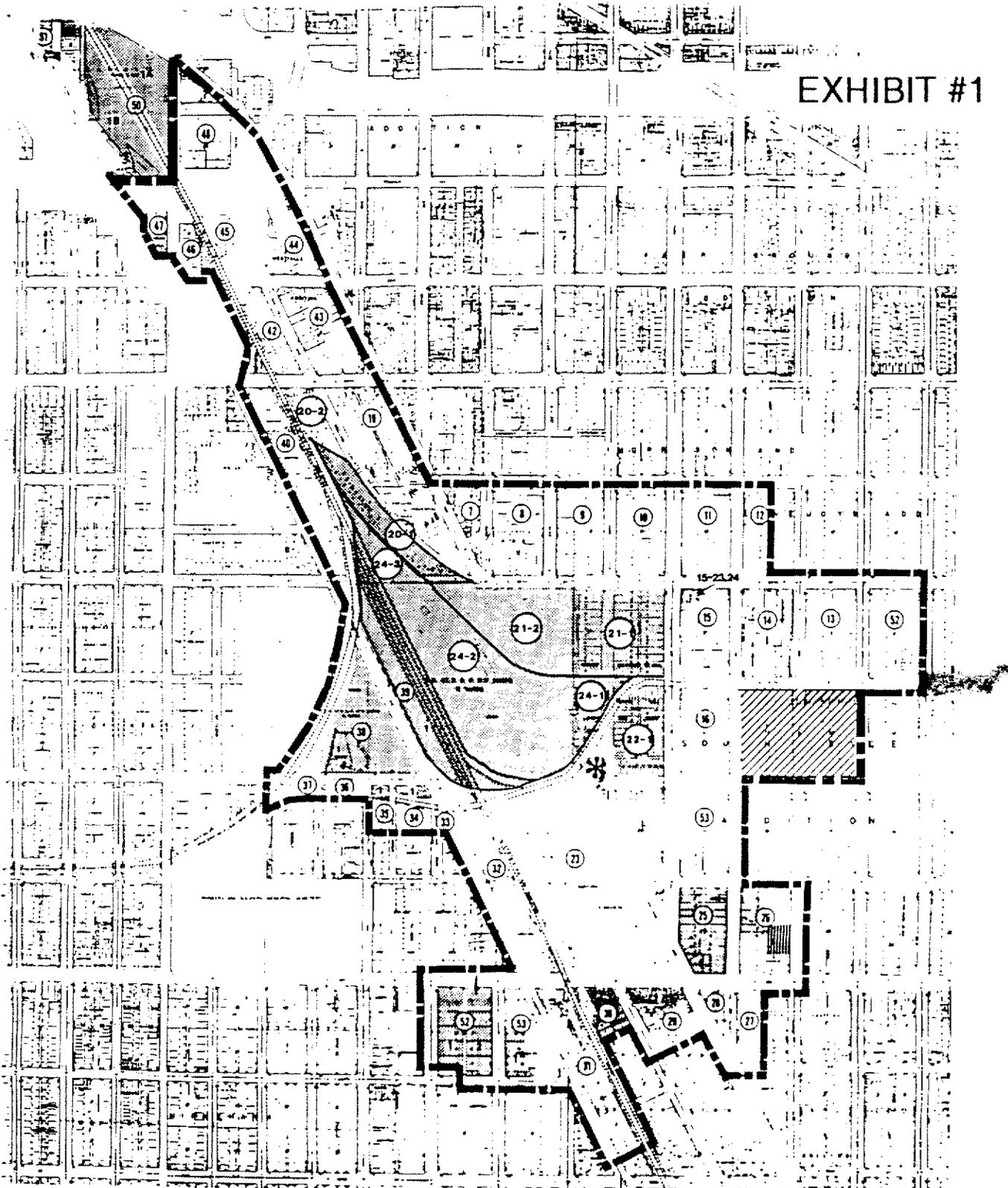
<b>Sources</b>	<b>Up Front</b>	<b>Over Time</b>
Developer Funds	\$ 910,000	---
Tax Increment	---	\$ 2,742,857
Other	---	0
<b>Total Sources</b>	<b>\$ 910,000</b>	<b>\$ 2,742,857</b>
<b>Uses</b>		
Affordable Housing Construction	\$ 910,000	---
Pay-As-You-Go Note Principal	---	\$ 910,000
Pay-As-You-Go Note Interest	---	1,010,000
Affordable Housing Outside TIF District (20%)	---	548,571
City of Minneapolis Administration (10%)	---	274,286
<b>Total Uses</b>	<b>\$ 910,000</b>	<b>\$ 2,742,857</b>

The figures, sources and methods of financing identified in this Modification 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 the TIF Plan, or result in an increase in the public redevelopment costs or indebtedness beyond the amounts listed herein, a modification to the TIF Plan will be necessary.

Tax increment generated within the TIF District will be one source of public funds used to pay a portion of the public redevelopment costs associated with the Hiawatha Commons Project. Other sources of funds to pay public redevelopment costs may include charitable contributions, FHLB, MHFA, Empowerment Zone, Hennepin County

ARIF, Syndication Proceeds, MHFA 1<sup>st</sup> Mortgage funds, NRP funds, Hennepin County  
TOD Funds (approved by Hennepin County), Owners Equity, Family Housing Funds.

# EXHIBIT #1

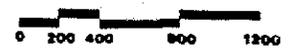
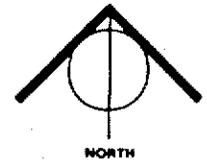


Modification No. 14 to the Seward South Urban Renewal Plan (Hlawatha Commons)  
 Land Use Map  
 NOVEMBER 12, 2004

Prepared by Development Finance Division, 105 5<sup>th</sup> Avenue S, Minneapolis, Minnesota



- PROJECT BOUNDARY
- \* RESIDENTIAL/MIXED USE
- ① BLOCK NUMBER
- 1 PARCEL NUMBER
- /// INDUSTRIAL



**MODIFICATION NO. 102 TO THE  
COMMON DEVELOPMENT AND REDEVELOPMENT PLAN  
AND  
COMMON TAX INCREMENT FINANCING PLAN  
November 12, 2004**

TABLE OF CONTENTS

(This Table of Contents is not part of Modification No. 102 to the Common Development and Redevelopment Plan and Common Tax Increment Financing Plan, and is only for convenience of reference.)

**SECTION A. COMMON DEVELOPMENT AND REDEVELOPMENT PLAN**

Impact of Mod. 102

Subsection A.1.	Mission Statement	No Change
Subsection A.2.	Definitions	No Change
Subsection A.3.	Description of Public Purpose	No Change
Subsection A.4.	Objectives of Common Project	No Change
Subsection A.5.	Structuring of Common Project	No Change
Subsection A.6.	History of Establishment and Modifications of Projects and TIF Districts Included in Common Project Area	<b>Changed</b>
Subsection A.7.	Estimated Public Improvement Costs	No Change
Subsection A.8.	Boundaries of the Common Project Area	No Change
Subsection A.9.	Development Program Requirements	No Change
Subsection A.10.	Modifications to Common Development and Redevelopment Plan	No Change
Subsection A.11.	Neighborhood Revitalization Program	No Change

**SECTION B. COMMON TAX INCREMENT FINANCING PLAN**

Subsection B.1.	Summaries of Participating Tax Increment Financing Districts	No Change
Subsection B.2.	Boundaries of Participating Tax Increment Financing Districts	<b>Changed</b>

Subsection B.3.	Statement of Objectives and Development Program, Including Property that may be Acquired	No Change
Subsection B.4.	Properties to be Deleted From Participating Tax Increment Financing Districts	<b>Changed</b>
Subsection B.5.	Development Activity in Common Project for Which Contracts Have Been Signed and Other Specific Development Expected to Occur	No Change
Subsection B.6.	Description of Financing	No Change
Subsection B.7.	Estimated Impact on Other Taxing Jurisdictions	No Change
Subsection B.8.	Modifications to Common Tax Increment Financing Plan	No Change
Subsection B.9.	Neighborhood Revitalization Program	No Change
Subsection B. 10.	Hazardous Substance Subdistrict	No Change

**Modification No. 102  
to the  
Common Development and Redevelopment Plan and Common Tax Increment  
Finance Plan  
November 12, 2004**

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Plan documents have been prepared that are related to the proposed mixed use rental housing project that has been proposed in the Longfellow neighborhood in Ward 9 of South Minneapolis. The plan documents include the Hiawatha Commons Tax Increment Finance ("TIF") Plan, Modification No. 14 to the Seward South Urban Renewal Plan (County TIF Designation #10) and this Modification No. 102 to the Common Development and Redevelopment and Common TIF Plans (collectively, the "Plans").

Modification No. 14 to the Seward South Urban Renewal Plan removes parcels from the existing TIF District in order that those parcels can be included in the new Hiawatha Commons TIF District. The new public redevelopment costs associated with the proposed rental project cannot be financed within the limitations imposed by the existing Seward South TIF District because of statutory limitations on the use of tax increment from the TIF District #10, the short remaining term of the existing district, and the impact of the prior pledge of revenue from the district to the outstanding debt of other projects. For that reason a request has been made to release the parcels from the prior pledge of Tax Increment Revenue Bonds of 1990 (the Common Project) by the MBIA Insurance Corporation. A request will also be made to Hennepin County to decertify and remove the two affected parcels from the existing TIF District #10.

Because the Seward South TIF District is in the Common Project, this **Modification No. 102 to the Common Plans** has also been prepared. The parcels included in the new **Hiawatha Commons TIF District** remain within the existing Seward South Project Area. The geographical area of the Seward South Urban Renewal Project is included within the Common Project; however, the new **Hiawatha Commons TIF District** is not being incorporated into the Common Project. Rather, it is intended to be a freestanding TIF district and will not be subject to the existing Common Project obligations and commitments. Modification No. 14 to the Seward South Urban Renewal Plan authorizes the creation of a new tax increment finance district as a tool for carrying out the redevelopment activities described therein.

Subsection A. 6. History of Establishment and Modification of Underlying Project Areas and Tax Increment Financing Districts Included in Common Project Area - **Changed**

<i><b>Project/District</b></i>	<i><b>Plan/ Modification</b></i>	<i><b>Anticipated City Council Approval Date</b></i>	<i><b>Resolution Number</b></i>
Seward South	Mod. No. 14	December 23, 2004	2004R-
Common Project	Mod. No. 102	December 23, 2004	2004R-
Hiawatha Commons	Hiawatha Commons TIF Plan	December 23, 2004	2004R-

Subsection B. 2. Boundaries of Participating Tax Increment Financing Districts

The boundary of the Seward South TIF District #10 is changed to remove portions of the following parcels; however the Seward South TIF District remains within the boundary of the Common Project.

Portions of the following parcels will be removed from the Seward South TIF District #10 and subsequently decertified from the existing TIF District #10:

<b>Property Identification Number</b>	<b>Address</b>
36-029-24-43-0087	2510 E Lake St
36-029-24-34-0062	2520 E Lake St

A complete description of the portions of the parcels to be removed from TIF #10 is identified below. A lot split/division has been proposed and the portions of the above tax parcels that will be included in the Hiawatha Commons TIF district and removed from the Seward South TIF District #10 include that property described below:

PROPOSED PROPERTY DESCRIPTION

That part of the following described property:

The Southeast Quarter of the Southwest Quarter and the Southwest Quarter of the Southeast Quarter of Section 36, Township 29, Range 24;

Lots 1, 2 and 3, AUDITOR'S SUBDIVISION NO. 119, files of the County Recorder;

Outlot A, MINNEHAHA INDUSTRIAL PARK, according to the recorded plat thereof;

Vacated Minnehaha Avenue and vacated East 28th Street;

All in Hennepin County, Minnesota.

Described as beginning at the most westerly corner of said Outlot A; thence on an assumed bearing of North 71 degrees 47 minutes 06 seconds East, along the southeast line of said Outlot A and the north line of said AUDITOR'S SUBDIVISION NO. 119, a distance of 102.29 feet to a point 386.63 feet easterly of the most westerly corner of said AUDITOR'S SUBDIVISION NO. 119, as measured along said north line of AUDITOR'S SUBDIVISION NO. 119; thence South 64 degrees 11 minutes 06 seconds West a distance of 191.39 feet; thence South 27 degrees 05 minutes 11 seconds East a distance of 60.77 feet; thence South 89 degrees 10 minutes 51 seconds East a distance of 260.23 feet; thence North 64 degrees 27 minutes 55 seconds East a distance of 188.12 feet; thence North 0 degrees 08 minutes 10 seconds East a distance of 160.36 feet; thence northeasterly a distance of 32.33 feet along a tangential curve concave to the southeast, having a radius of 40.00 feet and a central angle of 46 degrees 18 minutes 32 seconds; thence North 46 degrees 26 minutes 42 seconds East, tangent to said curve, a distance of 61.72 feet to the northeast line of said Outlot A; thence northwesterly a distance of 62.30

feet, along said northeast line of Outlot A, being a non-tangential curve concave to the northeast, having a radius of 850.00 feet, a central angle of 4 degrees 11 minutes 57 seconds and a chord which bears North 65 degrees 01 minute 20 seconds West to the most northerly corner of said Outlot A; thence southwesterly a distance of 209.92 feet, along the northwest line of said Outlot A, being a non-tangential curve concave to the northwest, having a radius of 622.96 feet, a central angle of 19 degrees 18 minutes 24 seconds and a chord which bears South 53 degrees 53 minutes 44 seconds West to a point of tangency in said northwest line of Outlot A; thence South 63 degrees 32 minutes 56 seconds West, tangent to said curve and along said northwest line of Outlot A, a distance of 239.90 feet to the point of beginning. EXCEPT that part of the Southeast Quarter of the Southwest Quarter and that part of the Southwest Quarter of the Southeast Quarter, Section 36, Township 29, Range 24, described as follows: Beginning at the angle point on the Northerly line of Lot 3, Auditor's Subdivision Number One Hundred and Nineteen Hennepin County Minnesota, said angle point being 31.96 feet Easterly from the most Westerly corner of said Lot 3; thence on an assumed bearing of South 46 degrees 40 minutes 31 seconds East along the Northerly line of said Lot 3, a distance of 31.68 feet, more or less, to an angle point on said Northerly line; thence North 62 degrees 45 minutes East, along the Northerly line of said Lot 3 and its extension a distance of 171.9 feet to the center line of vacated Minnehaha Avenue, as said avenue is shown on the plat of South Side Addition to the City of Minneapolis; thence North 27 degrees 15 minutes West, along said center line, a distance of 14.15 feet, to an intersection with the Westerly extension of the center line of vacated East 28th Street, as said street is shown on the plat of South Side Addition to the City of Minneapolis; thence South 67 degrees 40 minutes 37 seconds West, a distance of 183.11 feet to the point of beginning, according to the government survey thereof.

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That part of the Southeast Quarter of the Southwest Quarter and that part of the Southwest Quarter of the Southeast Quarter, Section 36, Township 29, Range 24, described as follows: Beginning at the angle point on the Northerly line of Lot 3, Auditor's Subdivision Number One Hundred and Nineteen Hennepin County Minnesota, said angle point being 31.96 feet Easterly from the most Westerly corner of said Lot 3; thence on an assumed bearing of South 46 degrees 40 minutes 31 seconds East along the Northerly line of said Lot 3, a distance of 31.68 feet, more or less, to an angle point on said Northerly line; thence North 62 degrees 45 minutes East, along the Northerly line of said Lot 3 and its extension a distance of 171.9 feet to the center line of vacated Minnehaha Avenue, as said avenue is shown on the plat of South Side Addition to the City of Minneapolis; thence North 27 degrees 15 minutes West, along said center line, a distance of 14.15 feet, to an intersection with the Westerly extension of the center line of vacated East 28th Street, as said street is shown on the plat of South Side Addition to the City of Minneapolis; thence South 67 degrees 40 minutes 37 seconds West, a distance of 183.11 feet to the point of beginning, according to the government survey thereof.

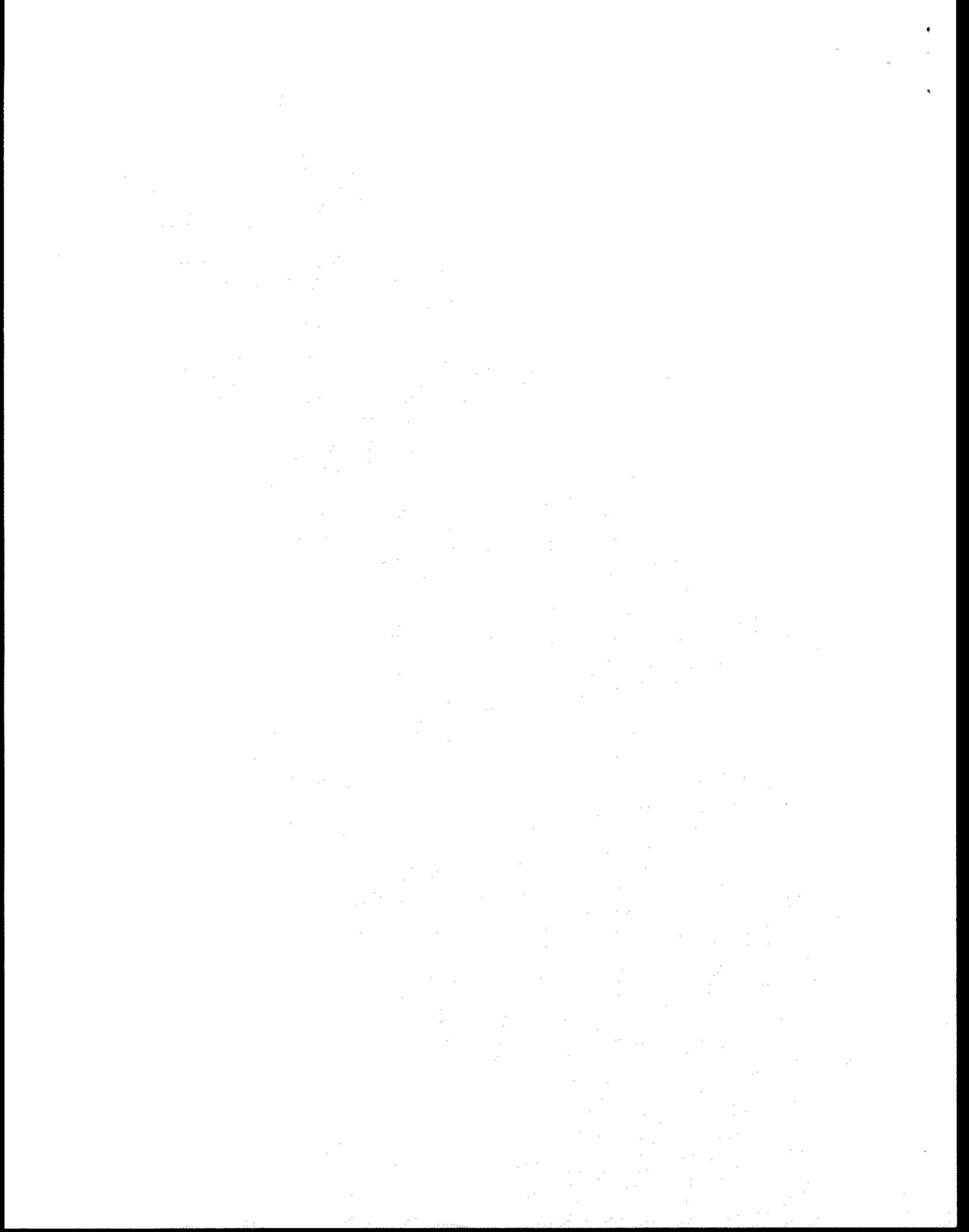
NOTE: A portion of the above described property contains Torrens property.

Subsection B. 4. Properties to be Deleted from Participating Tax Increment  
Finance Districts

The boundary of Seward South TIF District #10 is changed to remove portions of  
the following tax parcels:

<b><i>Property Identification Number</i></b>	<b><i>Address</i></b>
36-029-24-43-0087	2510 E Lake St
36-029-24-34-0062	2520 E Lake St

A complete description of the portions of the parcels is shown above.





**Franklin-Portland Gateway  
Redevelopment Plan**

**November 12, 2004**

Prepared by the Development Finance Division  
105 5th Avenue South, Minneapolis, Minnesota 55401

**Franklin-Portland Gateway  
Redevelopment Plan  
November 12, 2004**

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***Plan Documents***

Plan documents have been prepared that are related to the proposed mixed-income, mixed-use multiphased project that has been proposed in the Ventura Village Neighborhood of the Phillips Community in Ward 6 of South Minneapolis. The plan documents include the Franklin-Portland Gateway Redevelopment Plan, and the Jourdain Tax Increment Finance ("TIF") Plan (the "Plans").

**The Franklin-Portland Gateway Redevelopment Plan** establishes a new redevelopment project area, establishes objectives for redevelopment, identifies land uses for the redevelopment of the project area, and authorizes the creation of a new tax increment finance district as a tool for carrying out the redevelopment activities described therein.

**The Jourdain TIF Plan** provides for the establishment of a new housing TIF district, authorizes public redevelopment activities, and establishes a budget for expenditures. Tax increment will be used to pay for a portion of the public redevelopment costs associated with the project.

**REDEVELOPMENT PLAN**

I. Description of Project

**Development Proposal**

The Franklin-Portland Gateway project is a long-term plan to build 236 housing units on the four corners of the intersection of Franklin and Portland Avenues. Phase I, the four-story Children's Village Center, is a mixed-use new construction project located at the southeast corner of the Franklin-Portland intersection. This phase consists of 30 apartments, with community space and offices on the first floor. This portion of the project has been completed.

Phase II, the Jourdain, located at the southwest corner of the Franklin-Portland intersection, is designed as a mixed-use, four-story building, with one level of underground parking. The first floor will contain approximately 4,000 square feet of commercial space, clustered primarily at the corner of the intersection and extending along the Franklin block face. The project will contain 41 units of housing, ranging in unit styles from single room only (SRO) units, one, two and three bedroom units. The Jourdain includes affordable townhome-style studios and two- and three-bedroom family units as well as market rate studios and two-bedroom units. The project includes laundry

facilities in the family units, adequate storage space, kitchens and dining areas. All resident parking is provided in a below-grade parking garage. The Jourdain includes 4,000 square feet that will house a mini-market grocery store and office space. The retail will be neighborhood scale. Rent pricing ranges from affordable to 30% of AMI to market rate. The proposed construction is Type III. Exterior finish is proposed as primarily brick siding, including elements of masonry, stone, cast concrete and steel.

Additional design elements and key building features include patios for the townhome style three-bedroom units, as well as an open mews which will enable residents along the Portland Avenue frontage direct access to the landscaped rear courtyard and play area. Many units will have terraces or balconies. Significant site landscaping and strategic decorative fencing, retaining walls and planters will provide buffers to designate the public area from the private space reserved for building residents.

Franklin-Portland Gateway Phase II is a collaborative effort by and between the Central Community Housing Trust (CCHT) and Hope Community to develop the southwest corner of Franklin and Portland Avenues. The Jourdain will provide a creative, commercial and residential development in the Ventura Village neighborhood. Ideas for the phased project were taken from residents and workers in the neighborhood and enhanced by engaging professionals in architecture, urban planning and real estate development. The technical expertise of CCHT and Hope represents a unique collaborative arrangement of two very skilled non-profit community developers who are prepared to carry forth the Gateway Project as part of the Ventura Village Master Plan.

Future phases include additional housing units, including rental and for-sale units, parking and commercial/retail/office space.

### ***Developer Information***

CCHT is a non-profit affordable housing and related services organization. Since its' creation in 1986, CCHT has grown to provide quality, affordable housing to the Loring Park, Elliot Park, Downtown Minneapolis, North Loop, Stevens Square and Phillips neighborhood areas of central Minneapolis. Hope Community is a non-profit corporation that has been working in the Phillips and Ventura Village neighborhood for nearly 26 years. Hope Community provides housing for families, and has worked to help reconstruct the interconnected social and neighborhood fabric, establishing close connections and relationships with the families and individuals they serve, south of the intersection of Franklin and Portland Avenues.

### ***Affordable Housing***

The Minneapolis housing market experienced dramatic fluctuations in recent years<sup>1</sup>. Apartment building owners reported that average rent levels rose 42% from 1998 to 2003 – far exceeding gains in household incomes. Over the same period the vacancy rate in Minneapolis increased from 1% to 7%. Although it was easier in 2003 to find a vacant rental unit, it cost much more to rent it.

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<sup>1</sup> State of the City Report, 2003

*Average Rent/Vacancy Rate*

GVA Marquette compiles metro-wide rental market data based on a survey of rental property owners and managers<sup>2</sup>. In GVA Marquette-sampled housing developments, the Twin Cities apartment occupancy rate showed slow, steady improvement during the second quarter. The reported vacancy rate of 7.1 % was down slightly from first quarter's 7.4%. However, it is still higher than the second quarter 2003 figure of 6.7%. The average asking rent inched up slightly from \$847 to \$850. Studies show that rent levels appreciated for all unit types in 2003. Over a five year period from 1998 to 2003, average rents increased between 31% for studio apartments and 56% for 3+ bedrooms.

The City of Minneapolis is fully developed and must use redevelopment and infill development to meet its life cycle and affordable housing needs. The City has adopted an Affordable Housing Policy as a part of its 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 City of Minneapolis adopted the Affordable Housing Resolution 99R-312 which established the city's "Affordable Housing Initiative" directing the activity of City staff in the development of housing affordable to low income households. The City's Affordable Housing Policy states that projects that receive City financial assistance must either make at least 20% of the total project units affordable to households earning 50% of MMI or below, pay \$80,000 per affordable unit (20% of total project units) into the Affordable Housing Trust Fund, or provide the affordable units at a different, but comparable location.

***The Jourdain Unit Breakdown/Affordability***

<i>Unit Composition</i>	<i>Quantity</i>	<i>Unit Affordability</i>	<i>&lt;30%</i>	<i>&lt;50%</i>	<i>&lt;60%</i>	<i>Market</i>
0 BR	12		0	6	0	6
1 BR	2		0	0	0	2
2 BR	18		0	3	6	9
3 BR	9		0	0	9	0
<b>Total</b>	<b>41</b>		<b>0</b>	<b>9</b>	<b>15</b>	<b>17</b>

Since there will be 9 units at 50% of MMI, and 15 units at 60% of MMI, for a total of 24 affordable units, the project complies with the City's Affordable Housing Policy, which requires that at least 8 units be affordable to low or moderate income households (i.e. 20% of 41 units).

<sup>2</sup> Survey participants represent approximately one quarter of Minneapolis rental units; they are self-selected and tend to own or manage larger multi-unit rental properties. Because this is a non-random sample, reported rent levels and vacancy rates will differ to some degree from the true levels reflecting the entire rental housing stock. However, the direction and general magnitude of changes in GVA Marquette-reported rents and vacancies would be expected to mirror similar trends in the overall rental market.

A. Boundary of Redevelopment Project

Under the authority of the Housing and Redevelopment Authorities Act, approval of this Redevelopment Plan establishes a new Redevelopment Project as defined in Minnesota Statutes Section 469.002, Subdivision 14. The Project Area Report and Documentation of Eligibility is attached as Exhibit # 5 to this Plan.

The Franklin-Portland Gateway Redevelopment Project Area can be described as follows:

The proposed Redevelopment Project Area consists of four existing tax parcels at the intersection of Franklin and Portland Avenues. The proposed project area includes parcels at the northeast, northwest and southwest corners of the intersection as well as streets and alleys. The boundary is shown on the boundary map (Exhibit #1). The tax parcels to be included in the proposed Project Area are:

<i>Property Identification Number</i>	<i>Address</i>
27 029 24 44 0001	1928 Portland Avenue
26 029 24 33 0071	1931 Portland Avenue
34 029 24 11 0094	2000 Portland Avenue
34 029 24 11 0095	2012 Portland Avenue

The parcels are vacant and underutilized lots in an area of high traffic with large visibility and contain abandoned and deteriorated structures.

B. Project Boundary Map

The Project Boundary Map is included in this Redevelopment Plan as Exhibit #1.

C. Objectives of the Redevelopment Plan

The City of Minneapolis seeks to achieve the following objectives through the Franklin-Portland Gateway Redevelopment Plan:

- Eliminate blighting influences throughout the city.
- Increase the City's property tax base and maintain its diversity.
- Provide an array of housing choices that meet the needs of current residents and attract new residents to the city, with an emphasis on providing affordable housing.
- Support neighborhood retail services, commercial corridors and employment hubs.
- Support redevelopment efforts that enhance and preserve unique urban features and amenities.

Specific priorities for the area<sup>3</sup> include:

- Crime and safety issues
  - Remove or redesign those areas that lend themselves to crime (e.g. empty lots on Franklin Avenue)
  - Build new types of buildings that hamper criminal business opportunities (mixed-use buildings on the commercial corridor so those residents have a 24 hour presence)
- Greater availability and quality of housing
  - Add additional housing and improve the quality of existing housing stock.
  - Provide affordable homeownership and affordable rental units using several different designs
- Commercial development of Franklin Avenue
  - Increase the number and mix of residents to support a commercial district
  - Design buildings with shops below housing and encourage shop owners and workers to live in these buildings
  - Design buildings that are pedestrian and people friendly
  - Recruit and invite businesses that will attract people to the area
  - Utilize the corners of the major intersections for commercial below housing mixed-use.
- Usable City Parks
- Transportation
  - Create new views of transportation to serve the community
  - Design high-density, high profile housing and commercial space around the LRT Station

#### D. Types of Redevelopment Activities

The objectives of the redevelopment plan will be accomplished through the following actions: site assembly and preparation, demolition, new construction, parking, project administration, public improvements and other related activities. Public purposes include the provision of affordable rental housing units, removal of blight or the causes of blight, including vacant, underused land, the provision of supportive neighborhood retail, and the provision of decent, safe, and sanitary dwellings for persons of low and moderate income.

#### II. Land Use Plan

The parcels are currently zoned C1, and OR2. All parcels are included in the North Phillips Overlay District. The developer will be submitting an application to rezone the site to accommodate the proposed mixed use development.

#### A. Land Use Map

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<sup>3</sup> Ventura Village Master Plan

The Land Use Map is included in this Redevelopment Plan as Exhibit # 2. The recommended land use is mixed use residential and commercial.

The development of this site is consistent with *The Minneapolis Plan* as shown on the Land Use Map and in conformance with this Redevelopment Plan.

#### B. Land Use Provisions and Requirements

Future land use designation will be mixed use residential and commercial. Uses shall conform to the Minneapolis Zoning Ordinance. These land use provision and building requirements shall be applied in addition to official codes, ordinances, and other legal controls in the City of Minneapolis and the State of Minnesota. Where there is a conflict between any of the existing official codes ordinances and other legal controls in the City of Minneapolis and State of Minnesota with these land use provisions and building requirements, the stricter and more limiting requirement shall apply.

#### C. Period During Which Land Use Provisions and Requirements Will Be In Effect

The requirements and provisions of Section II. B. of this Redevelopment Plan shall apply to all of the properties located in the Project Area except where strict compliance thereto would in the judgment of the City either not be in the best interest of the project or the City, or would not contribute to the achievement of the objectives of this Redevelopment Plan. These requirements shall remain in effect for twenty years from the date of conveyance of the disposition parcels.

### III. Project Proposals

#### A. Redevelopers' Obligations

The general requirements to be imposed upon the redevelopers, their successors or assigns, will be established in the development agreements. The City will negotiate a development agreement with CCHT and Hope Community.

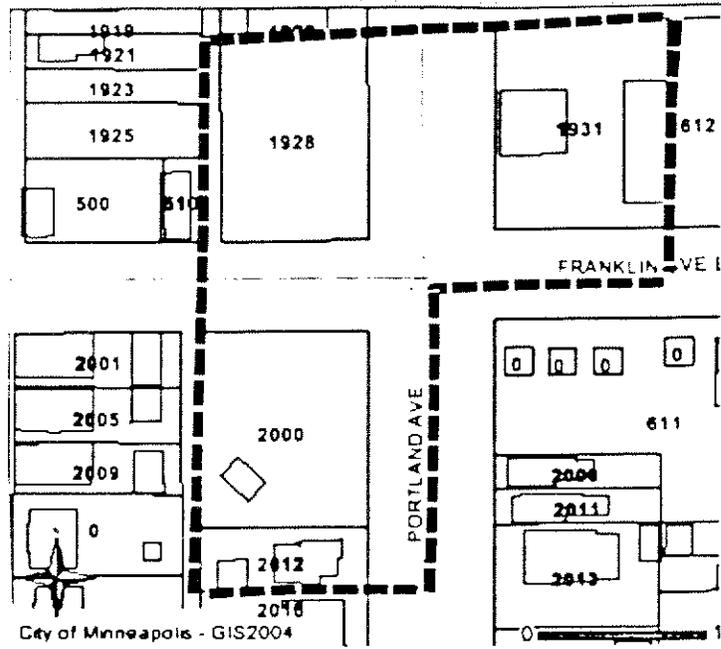
#### IV. Official Action to Carry Out the Redevelopment Plan

Minnesota law requires that the Minneapolis City Planning Commission review this Redevelopment Plan and that its written opinion, if any, accompany the Redevelopment Plan when it is officially submitted to the City Council for approval (Minnesota Statutes, Section 469.027).

#### V. Procedure for Changes in Approved Redevelopment Plan

This Redevelopment Plan may be modified as provided in Minnesota Statutes, Section 469.029, Subdivision 6, as follows:

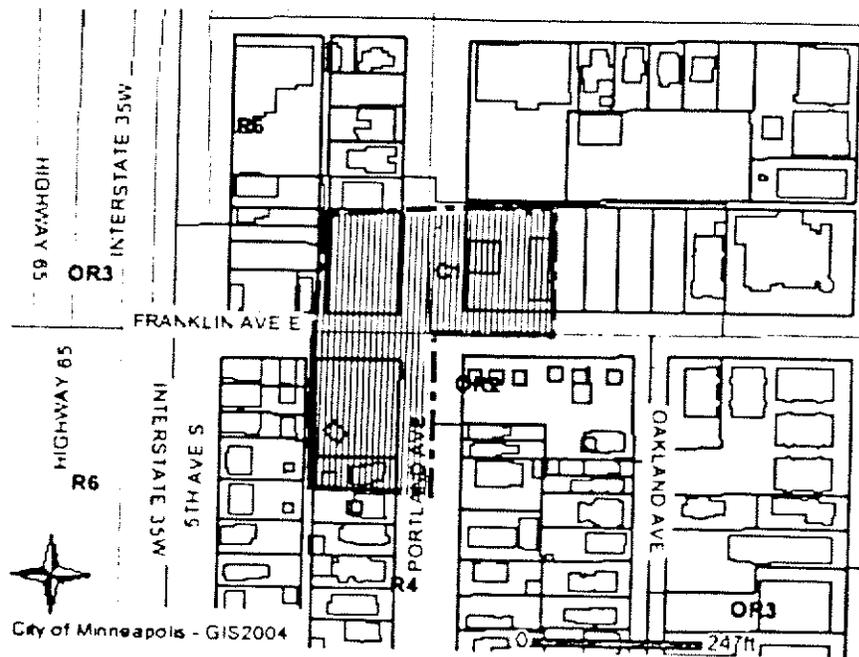
"A redevelopment plan may be modified at any time. The modification must be adopted by the authority and the governing body of the political subdivision in which the project is located, upon the notice and after the public hearing required for the original adoption of the redevelopment plan. If the authority determines the necessity of changes in an approved redevelopment plan or approved modification thereof, which changes do not alter or affect the exterior boundaries, and do not substantially alter or affect the general land uses established in the plan, the changes shall not constitute a modification of the redevelopment plan nor require approval by the governing body of the political subdivision in which the project is located."



**Franklin-Portland Gateway Redevelopment Plan  
Boundary Map  
November 12, 2004**

Boundary : - - - - -

Prepared by Development Finance Division 105 5<sup>th</sup> Avenue S Minneapolis, Minnesota



**Franklin-Portland Gateway Redevelopment Plan  
Land Use Map  
November 12, 2004**

Future Land Use: Mixed Use Residential Commercial 

Prepared by Development Finance Division 105 5<sup>th</sup> Avenue S Minneapolis, Minnesota

## CITIZEN PARTICIPATION REPORT

### Franklin-Portland Gateway Redevelopment Plan November 12, 2004

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The citizen participation process for the proposed Ventura Village Comprehensive Land Use Master Plan began in November 1998 when two separate citizen organizations, Region 2 (or North Region) of the old Phillips neighborhood and Franklin North, joined forces. Given that the Phillips neighborhood as a whole was too large to create a cohesive plan that would effectively address the area's many problems, the newly formed organization decided to focus north of 24<sup>th</sup> Street and pursue separate neighborhood status for that region.

In December 1998, the new organization, named Ventura Village, became the official, MCDA-recognized citizen participation organization for the area of Minneapolis generally north of 24<sup>th</sup> Street, south of the 35W/94 commons, east of 35W, and west of the Soo Line Railway.

In 1999, a group of community residents and Ventura Village board members began to discuss the possibility of creating a land use plan for the area north of 24<sup>th</sup> Street. Residents and other Ventura Village members felt that creating a land use plan would provide a mechanism for community input into, and community control over, the redevelopment of the area, and the land use plan would provide a focus for redevelopment efforts. Ventura Village hosted neighborhood-wide planning sessions to solicit additional community input into the evolving land use plan. The organization also conducted a survey of neighborhood residents, which was widely distributed.

As a result, over 270 community members – including homeowners, renters, business owners, and representatives of agencies working in the neighborhood – participated in vigorous and wide ranging discussions related to the Ventura Village Comprehensive Land Use Master Plan. Citizens provided input on the broad concepts of the Ventura Village Master Plan as well as many specific features. Through these discussions, a broad consensus emerged about what the community needs in order to prosper in the future. Specifically, the community has embraced:

- An increase in the quantity of housing in the neighborhood by several thousand units. Create Low profile, high-density housing development, including infill housing on vacant land in residential areas and mixed-use development along Franklin Avenue, the major commercial corridor.
- An increase in the quality of housing in the neighborhood—requiring new construction to be of the highest quality and creating "fix up grant" programs for existing housing.

**PROJECT AREA REPORT  
AND ELIGIBILITY DOCUMENTATION**

**Franklin-Portland Gateway Redevelopment Plan  
and  
The Jourdain Tax Increment Finance Plan  
November 12, 2004**

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Plan documents have been prepared that are related to the proposed mixed-income, mixed-use multiphased project that has been proposed in the Ventura Village Neighborhood of the Phillips Community in Ward 6 of South Minneapolis. Located at the southwest corner of the Franklin-Portland Gateway intersection, the Jourdain project – Phase II - is designed as a mixed-use, four-story building, with one level of underground parking. The first floor will contain approximately 4,000 square feet of commercial space, clustered primarily at the corner of the intersection and extending along the Franklin block face, that will house a mini-market grocery store and office space. The retail will be neighborhood scale.

The Jourdain project will contain 41 units of housing, ranging in unit styles from single room only (SRO) units, one, two and three bedroom units. The project includes affordable townhome-style studios and two- and three-bedroom family units as well as market rate studios and two-bedroom units. All resident parking is provided in a below-grade parking garage.

This Project Area Report and Documentation of Eligibility describes the conditions that qualify the Franklin-Portland Gateway site as a redevelopment project and "The Jourdain" as a housing tax increment finance district.

The Franklin-Portland Gateway Redevelopment Project (the "Redevelopment Project") will be a redevelopment project as defined in the Minnesota Housing and Redevelopment Authorities Act (Minnesota Statutes, Section 469.002, Subdivision 14 and 16). According to Subdivision 14, Paragraph 1, redevelopment projects are established "for the purpose of removing, preventing, or reducing blight, blighting factors, or the causes of blight." The redevelopment project area therefore must be found to be a blighted area, which is defined in Section 469.002, Subd. 11 of the Act as:

*"... any area with buildings or improvements which, by reason of dilapidation, obsolescence, overcrowding, faulty arrangement or design, lack of ventilation, light, and sanitary facilities, excessive land coverage, deleterious land use, or obsolete layout, or any combination of these or other factors, are detrimental to the safety, health, morals, or welfare of the community."*

### **Area Characteristics**

The Franklin-Portland Gateway Project Area is located in south Minneapolis in the 6th ward of the Ventura Village neighborhood of the Phillips Community. The proposed Redevelopment Project Area consists of four existing tax parcels at the intersection of Franklin and Portland Avenues. The proposed project area includes parcels at the northeast, northwest and southwest corners of the intersection as well as streets and alleys.

### ***Findings of Blight within the Proposed Redevelopment Project Area***

The proposed project area includes four tax parcels, including vacated streets and alleys. CPED Construction Management Specialist Kathleen Murphy conducted inspections of the proposed redevelopment project area in August 2004. The proposed redevelopment project area consists of four vacant lots, including an abandoned convenience store and gas station, and a vacated used car lot. All structures are vacant, and are poorly maintained.

### **EXISTING CONDITIONS**

The inspection and site analysis revealed the following:

- \* Fenced lot with uneven grade, volunteer tree growth, with a combination of broken asphalt and concrete covering and uncovered land with possible soil contamination due to the type of business formerly located on the property.
- \* An abandoned convenience store, gas station with a parking lot and vacant land. Roofing materials missing, peeling paint, boarded windows, and volunteer trees growing next to the rear of the building. Parking area has broken and uneven asphalt causing water pooling, has weed growth and an abandoned public telephone box.
- \* A vacated used car lot with asphalt covering. Property contains damaged concrete pilasters once used for pole lights to light area for nighttime car sales. Inadequate drainage in some areas allowing for water pooling. Debris has been dumped on the lot. Structure on the parcel has rotted gutters, rotted soffit and fascia, leaking roof, boarded windows, broken glass door, no handicap accessibility, wet and moldy interior components, peeling paint and an uneven concrete floor with peel and stick floor tiles are in a deteriorated state.
- \* A vacant lot with a damaged fence and posts with no fencing. Parcel contains an abundance of scrub trees.

### **CONCLUSION**

These vacant and underutilized lots are in an area of high traffic with high visibility and have abandoned and/or deteriorating buildings (2 lots). The surrounding area is going through redevelopment and upgrading. Open or undeveloped land may be determined to be blighted due to unusual and difficult physical characteristics of the ground, faulty planning characterized by lots laid out in disregard of contours or of irregular form and shape or of inadequate size (no access) or other conditions which have prevented normal development of the land.

The deterioration of the vacant parcels undermines the value of adjacent property. Vacant parcels constitute a repository for debris, fire hazard, and may attract vagrants and criminal elements of the population. The vacant space is not only an uneconomic use of inner city real estate, but is considered a blighting condition.

This report does not address environmental issues (e.g. pollution, contamination, fugitive spills, asbestos, PCB containing transformers), or other unknown physical or geo-technical problems.

### **Tax Increment Finance District Eligibility Findings**

The Jourdain TIF District is to be a housing TIF District as defined in the Minnesota Statutes, Section 469.174, Subdivision 11, which states:

"Housing district" means a type of tax increment financing 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 income, 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.

A district does not qualify as a housing district under this subdivision if the fair market value of the improvements which are constructed in the district for commercial uses or for uses other than low and moderate income housing consists of more than 20 percent of the total fair market value of the planned improvements in the development plan or agreement. The fair market value of the improvements may be determined using the cost of construction, capitalized income, or other appropriate method of estimating market value. Housing project means a project, or a portion of a project, that meets all of the qualifications of a housing district under this subdivision, whether or not actually established as a housing district.

There are two specific questions to be answered in order to confirm the eligibility to establish a Housing TIF District to finance eligible public redevelopment costs of the Jourdain Project.

- 1) Does the project comply with the income restrictions for rental housing projects identified in Minnesota Statutes, Section 469.1761, Subdivision 2 and 3?
- 2) Does the fair market value of the low and moderate income housing project constitute at least 80% of the total valuation of the improvements constructed in the district?

### ***Income Restrictions<sup>4, 5</sup>***

Moderate-income housing is defined as housing affordable to families with incomes between 80 percent and 120 percent of the metropolitan median family income. Low-income housing is defined as housing affordable to families with incomes below 80 percent of the metropolitan median (MMI) family income.

The proposed project must also 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 (8.2) of the units must be occupied by individuals whose income is 50 percent or less of the Metropolitan area median gross income (9 units of 41) are available at or below 50%); or
2. At least 40 percent (16.4 ) of the units must be occupied by individuals whose income is 60 percent or less of the area median gross income (15 units are available at or below 60%); or
3. At least 50 percent (20.5) of the units must be occupied by individuals whose income is 80 percent or less of the area median gross income (24 units are available at or below 80% of MMI).

### ***Affordability***

The City's Affordable Housing Policy states that projects that receive City financial assistance must either make at least 20% of the total project units affordable to households earning 50% of MMI or below, pay \$80,000 per affordable unit (20% of total project units) into the Affordable Housing Trust Fund, or provide the affordable units at a different, but comparable location.

Since there will be 9 units at 50% of MMI and 15 units at 60% of MMI, for a total of 24 affordable units, the project complies with the City's Affordable Housing Policy, which requires that at least 8.2 units be affordable to low or moderate income households (i.e. 20% of 41 units). **The proposed project meets the income requirements for a Housing TIF District in 1. and 3. above.** Income guidelines will be monitored for the life of the district, as the requirements of this subdivision apply for the duration of the tax increment financing district.

### ***Valuation Test***

In addition to the rental apartment units, the project will include about 4,000 sq. ft. of commercial space, anticipated to be a mini-market grocery store and office space, on the main level. According to Minnesota Statutes, Section 469.174, Subdivision 11, in order to establish a housing TIF district, the fair market value of the low and moderate income housing project must constitute at least 80% of the total valuation of the improvements constructed in the district.

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<sup>4</sup> The FY2004 Median Family Income Metro Area, State of Minnesota is \$73,300 as estimated by HUD

<sup>5</sup> The MMI for Tax Credit Income Limits for 2004 is \$76,400 effective date 1/28/04

It has been calculated that the Estimated Market Value (EMV) of the completed project will be about \$3,100,000. Approximately \$2,770,000 of the valuation is attributable to low and moderate housing (apartments) and \$330,000 is attributable to the commercial value. This means that about 11% of the assessed value of the complete development is attributable to the commercial value portion of the housing project.

### ***Minneapolis Housing Policy***

In 2002, modifications were made to the City's Comprehensive Plan ("The Minneapolis Plan") that strengthened its commitment to policies of housing growth and to increasing the supply of affordable housing. The principal goals of city housing policy are to improve choices, both for households with constrained choice and for households with many choices. The Zoning Code was also amended to allow developers of affordable housing to construct more housing units than would otherwise be allowed in instances where a proposed development includes affordable housing units.

"The Minneapolis Plan" includes the following policy statements:

- 4.9 Minneapolis will grow by increasing its supply of housing.
- 4.10 Minneapolis will increase its housing that is affordable to low and moderate income households.
- 4.11 Minneapolis will improve the availability of housing options for its residents.
- 4.12 Minneapolis will reasonably accommodate the housing needs of all of its citizens.
- 4.15 Minneapolis will carefully identify project sites where housing redevelopment and/or housing revitalization are the appropriate responses to neighborhood conditions and market demand.
- 4.16 Minneapolis will work closely with NRP planning and implementation to ensure that NRP plans are consistent with the City's Housing Policy.

Each of these policies is associated with a set of related implementation steps, which are accomplished through a variety of mechanisms that include regulatory requirements and enforcement, and the financial and staff resources of the City, NRP, and Empowerment Zone. These steps include:

**The variety of housing types throughout the city, its communities and the metropolitan area shall be increased giving prospective buyers and renters greater choice in where they live.**

- Develop/provide incentives for placing new housing on transportation corridors
- Up to 20 percent of the units in new multifamily housing developments should be affordable at 50% of metropolitan median income.

**Minneapolis will improve the range of housing options for those with few or constrained choices.**

Another way to describe the city's policy objectives in influencing the housing market is to target the variety of residents' housing choices. The ability to provide residents from all walks of life with increased housing choices, in a variety of housing types, ages, (newly constructed and renovated older buildings) and affordability levels will hugely influence the pattern of future prosperity and vitality in the city. Tools have been developed to assist the city and its partners in implementing expanded choice in housing. These tools define terms such as affordability, medium and high density housing. They also relate the city's efforts at expanding housing choice to metropolitan initiatives, and include the Livable Communities Act guidelines, the Consolidated Plan for Housing and Community Development, tax credit programs for affordable housing developments and CPED-sponsored programs for housing redevelopment and new construction. Implementation steps include:

- Increase the variety of housing types (affordability, style, location) throughout the city, giving greater choice
- Encourage new housing production as a way to increase resident choices throughout the city.
- Promote mixed income housing development as a method of providing more choices to residents
- Promote mixed income housing as part of mixed use development so that the likelihood of affordable housing is increased

**Minneapolis will both assume its appropriate responsibility for improving housing options among those with few or constrained choices, and collaborate with partners at the regional, state, federal and local level to assure that appropriate solutions are pursued throughout the region.**

***The "Zoning Code"***

A modification to the Code provides an incentive to the development of affordable housing units, providing a 20% bonus in the number of units that can be built if at least 20% of the development's units are affordable to low-income households.

"The Minneapolis Plan" supports strengthening commercial corridors<sup>6</sup> by:

- Encouraging new development along them;
- Promoting alternative uses such as mixed residential, office, and institutional uses and low-impact, clean light industrial uses;
- Addressing issues of parking, traffic, transit, and circulation; and
- Assisting with the rehabilitation, reuse, and revitalization of older commercial buildings and districts.

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<sup>6</sup> Commercial Corridors are streets that have largely commercially-zoned property, carry high volumes of automobile traffic, and retain a traditional urban form in the buildings and street orientation of businesses. Franklin Avenue is a Commercial Corridor.

***Eligibility Findings***

The proposed project qualifies as a Housing Tax Increment Financing District under Minnesota Statutes. The proposed TIF District is located within the Franklin-Portland Gateway Redevelopment Project, in accordance with the provisions of Minnesota Statutes Sections 469.001 through 469.047.

Documentation supporting these findings is on file in the office of the Development Finance Division, Finance Department, Suite 575, Crown Roller Mill, 105 5<sup>th</sup> Avenue South, Minneapolis, Minnesota.

**Method Proposed for Financing and Preliminary Budget  
Franklin-Portland Gateway Redevelopment Plan  
November 12, 2004**

**Description of Development**

Located at the southwest corner of the Franklin-Portland Gateway intersection, the Jourdain is designed as a mixed-use, four-story building, with one level of underground parking. The Jourdain project will contain 41 units of housing, ranging in unit styles from single room only (SRO) units, one, two and three bedroom units. The Jourdain includes affordable townhome-style studios and two- and three-bedroom family units as well as market rate studios and two-bedroom units. The project includes 4,000 square feet that will house a mini-market grocery store and office space.

Total development costs for the Jourdain project is currently estimated at approximately \$8,774,000. Tax increment financing assistance in an amount not to exceed \$581,300 may be provided for new housing construction. This TIF assistance will be provided to developer through the issuance of a pay-as-you-go tax increment revenue note (the "TIF Note"). The TIF Note will be issued by the City and will have a stated interest rate.

As tax increment is generated by the project in future years, a portion of the tax increment collected by the City will be paid to the noteholder (twice a year) as payment of principal and interest on the TIF Note. A portion of the tax increment collected by the City may also be used for administrative purposes or other affordable housing purposes as allowed by Minnesota State Statutes and stated in the tax increment budget. The tax increment budget for the TIF district is shown below:

**The Jourdain TIF District Budget**

Sources	Up Front	Over Time
Developer Funds	\$595,000	---
Tax Increment	---	\$1,800,000
Other	---	0
<b>Total Sources</b>	<b>\$595,000</b>	<b>\$1,800,000</b>
<b>Uses</b>		
Acquisition	\$595,000	---
Pay-As-You-Go Note Principal	---	\$595,000
Pay-As-You-Go Note Interest	---	665,000
Pooling for Affordable Housing	---	360,000
Administration (10%)	---	180,000
<b>Total Uses</b>	<b>\$595,000</b>	<b>\$1,800,000</b>

