

Modification No. 1 to the Parcel C Tax Increment Finance Plan

Modification No. 1 to the East Hennepin & University Tax Increment Finance Plan

Modification No. 2 to the Humboldt Greenway Tax Increment Finance Plan

Modification No. 1 to the Bottineau Tax Increment Finance Plan

Modification No. 1 to the Heritage Landing Apartments Tax Increment Finance Plan

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**City of Minneapolis**

## Introduction

Five tax increment finance (TIF) plans are being amended to include budget adjustments to allow for pooling of tax increment revenue to assist affordable housing. As provided in Minnesota Statutes Section 469.176, Subd. 4k, a portion of tax increment from these districts may be used to assist qualified low income housing throughout the city. It is the city's plan to allocate any such funds to the CPED Affordable Housing Trust Fund program. Through the established program guidelines and competitive process, such funds will be awarded to eligible low income rental housing projects. The affordable housing language already appears in recent TIF plans. The TIF plans that are being amended are:

- ◆ Parcel C Tax Increment Finance Plan
- ◆ East Hennepin & University Tax Increment Finance Plan
- ◆ Humboldt Greenway Tax Increment Finance Plan
- ◆ Bottineau Tax Increment Finance Plan
- ◆ Heritage Landing Apartments Tax Increment Finance Plan

### **Modification No. 1 to the Parcel C Tax Increment Finance Plan**

The Parcel C Tax Increment Finance (TIF) Plan was adopted by the Minneapolis City Council on December 14, 2001. The Redevelopment Tax Increment District #121 was certified by Hennepin County on March 25, 2002.

The Parcel C TIF Plan is being amended to include the following:

#### J. Affordable Housing & Expenditures Outside TIF District (Added)

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 469.1763, 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, except that such administrative expenses can be considered expenditures inside the district, if the only other expenses outside of the district are for affordable housing purposes as described above.

Pursuant to the provisions, requirements and restrictions noted above, the City elects to increase by 10% the amount of tax increment that may be expended outside the boundaries of the TIF district.

The Parcel C TIF Budget is amended as follows:

**Parcel C Tax Increment District Budget**

<b>Sources</b>	Up Front	Over Time
Developer Funds	\$4,099,300	---
Tax Increment	---	\$17,984,424
Annual Local Contributions	---	---
<b>Total Sources</b>	<b>\$4,099,300</b>	<b>\$17,984,424</b>
<b>Uses</b>		
Acquisition	---	---
Relocation	0	---
Public Facilities (Parking)	3,894,300	---
Building Rehabilitation	0	---
Pay-As-You-Go Note Principal	---	4,099,300
Pay-As-You-Go Note Interest	---	7,744,326
Pooling for Affordable Housing	205,000	4,342,356
Administration	---	1,798,442
<b>Total Uses</b>	<b>\$4,099,300</b>	<b>\$17,984,424</b>

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**Modification No. 1 to the East Hennepin & University TIF Plan**

The East Hennepin & University TIF Plan was adopted by the Minneapolis City Council on June 9, 2000. The Redevelopment Tax Increment District #102 was certified by Hennepin County on July 18, 2000.

The East Hennepin & University TIF Plan is being amended to include the following:

J. Affordable Housing & Expenditures Outside TIF District (Added)

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 469.1763, 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, except that such administrative expenses can be considered expenditures inside the district, if the only other expenses outside of the district are for affordable housing purposes as described above.

Pursuant to the provisions, requirements and restrictions noted above, the City elects to increase by 10% the amount of tax increment that may be expended outside the boundaries of the TIF district.

The East Hennepin & University TIF Budget is amended as follows:

**East Hennepin & University Tax Increment District Budget**

<b>Sources</b>	Up Front	Over Time
Developer Funds	\$11,000,000	
Tax Increment		\$44,576,923
<b>Total Sources</b>	<b>\$11,000,000</b>	<b>\$44,576,923</b>
<b>Uses</b>		
Land	\$2,500,000	
Relocation	500,000	
Demolition	900,000	
Environmental Remediation	800,000	
Public Improvements	1,500,000	
Building Rehabilitation	1,200,000	
Structured Parking	3,600,000	
Pay-As-You-Go Principal		\$11,000,000
Pay-As-You-Go Interest		17,975,000
Pooling For Affordable Housing		11,144,231
Administration		4,457,692
<b>Total Uses</b>	<b>\$11,000,000</b>	<b>\$44,576,923</b>

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**Modification No. 2 to the Humboldt Greenway Tax Increment Finance Plan**

The Humboldt Greenway Redevelopment Tax Increment Finance (TIF) Plan was adopted by the Minneapolis City Council on February 4, 2000 and modified on June 22, 2001. The Redevelopment Tax Increment District #98 was certified by Hennepin County on July 18, 2000.

The Humboldt Greenway TIF Plan is being amended to include the following:

IX. Affordable Housing & Expenditures Outside TIF District (Updated)

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 469.1763, 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, except that such administrative expenses can be considered expenditures inside the district, if the only other expenses outside of the district are for affordable housing purposes as described above.

Pursuant to the provisions, requirements and restrictions noted above, the City elects to increase by 10% the amount of tax increment that may be expended outside the boundaries of the TIF district.

The Humboldt Greenway TIF Budget is amended as follows:

**Humboldt Greenway Tax Increment District Budget**

<b>Sources</b>	Up Front	Over Time
TIF Note/Bond Proceeds	\$4,500,000	---
Tax Increment	---	\$11,846,154
<b>Total Sources</b>	<b>\$4,500,000</b>	<b>\$11,846,154</b>
<b>Uses</b>		
Acquisition, relocation, demolition	\$3,502,000	---
Discount/Cost of Issuance	87,119	---
Bond Interest	910,881	\$3,200,000
Bond Principal		4,500,000
Pooling for Affordable Housing		2,961,539
Administration	---	1,184,615
<b>Total Uses</b>	<b>\$4,500,000</b>	<b>\$11,846,154</b>

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**Modification No. 1 to the Bottineau Tax Increment Finance Plan**

The Bottineau TIF Plan was adopted by the Minneapolis City Council on August 24, 2001. The Redevelopment Tax Increment District #117 was certified by Hennepin County on March 27, 2002.

The Bottineau TIF Plan is being amended to include the following:

**K. Affordable Housing & Expenditures Outside TIF District (Added)**

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 469.1763, 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, except that such administrative expenses can be considered expenditures inside the district, if the only other expenses outside of the district are for affordable housing purposes as described above.

Pursuant to the provisions, requirements and restrictions noted above, the City elects to increase by 10% the amount of tax increment that may be expended outside the boundaries of the TIF district.

The Bottineau TIF Budget is amended as follows:

**Bottineau Tax Increment District Budget**

<b>Sources</b>	Up Front	Over Time
Developer Funds	\$2,200,000	---
Tax Increment	---	\$6,923,077
Annual Local Contributions	---	---
<b>Total Sources</b>	<b>\$2,200,000</b>	<b>\$6,923,077</b>
<b>Uses</b>		
Acquisition	766,527	---
Demolition	335,000	---
Site Improvements	1,098,473	---
Pay-As-You-Go Note Principal	---	2,200,000
Pay-As-You-Go Note Interest	---	2,300,000
Pooling for Affordable Housing	---	1,730,769
Administration	---	692,308
<b>Total Uses</b>	<b>\$2,200,000</b>	<b>\$6,923,077</b>

**Modification No. 1 to the Heritage Landing Apartments Tax Increment Finance Plan**

The Heritage Landing Apartments TIF Plan was adopted by the Minneapolis City Council on November 13, 1998. The Housing Tax Increment District #92 was certified by Hennepin County on April 6, 1999.

The Heritage Landing Apartments TIF Plan is being amended to include the following:

**K. Affordable Housing & Expenditures Outside TIF District (Added)**

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 469.1763, 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 Internal Revenue Code (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 of the IRC; and
- 3) be used to:

- acquire and prepare the site of the housing;
- acquire, construct, or rehabilitate the housing; or
- 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” (as that term is defined in Minnesota Statutes, Section 469.174), but may be spent anywhere in the city. However, the amount of tax increment used for such purposes is restricted.

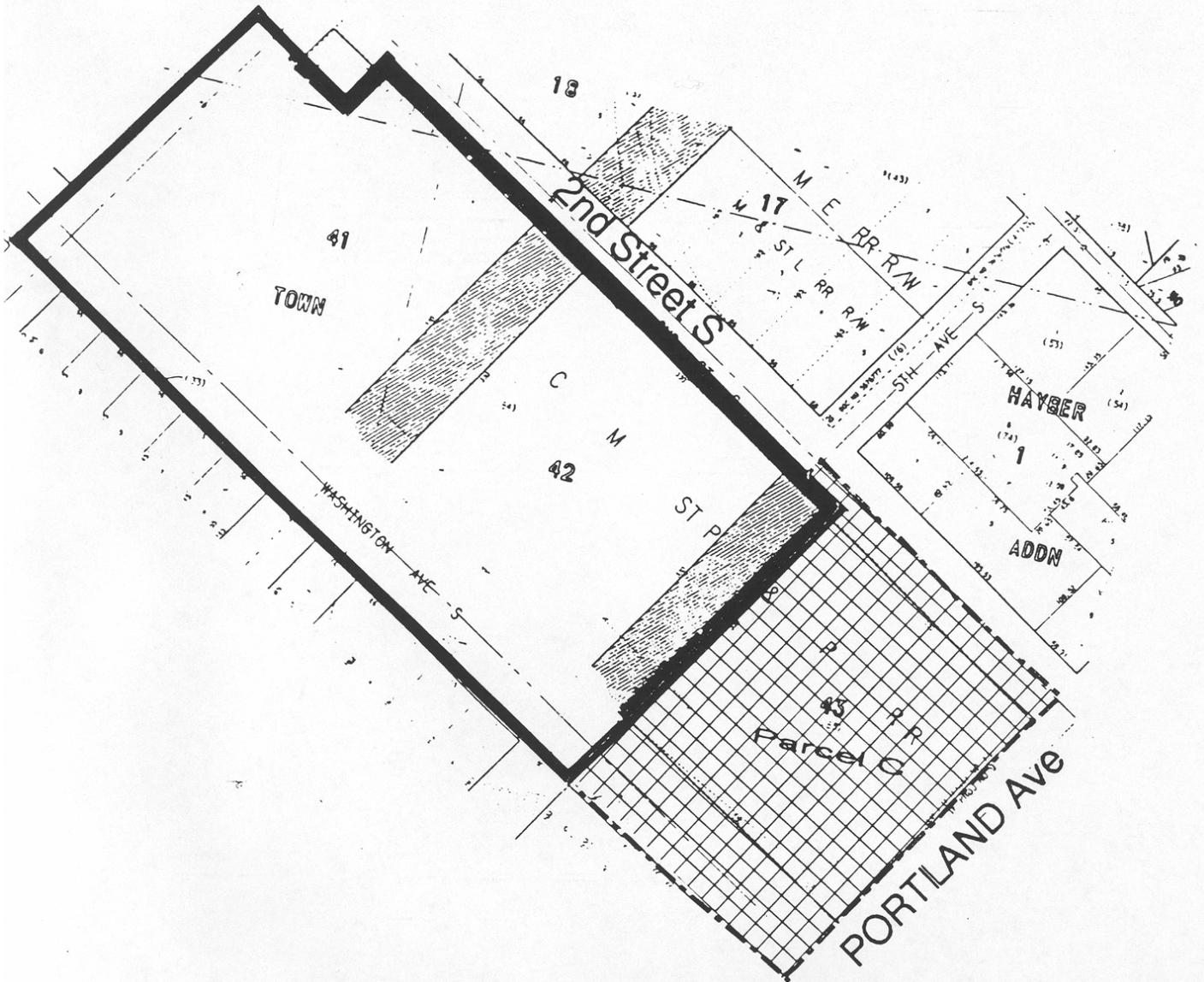
Pursuant to Minnesota Statutes Section 469.1763, Subd. 2, up to 20% of the tax increment from a housing TIF district may be spent on activities located outside the boundaries of the TIF district. An authority may elect in the TIF plan to increase this amount by up to 10% (maximum total of 30%), provided that these additional expenditures meet the affordable housing requirement listed above. Administrative expenditures are normally considered outside of the TIF district. However, if the only other expenditures outside of the TIF district are for affordable housing purposes as described above, the administrative expenditures are then considered spent within the TIF district.

Pursuant to the provisions, requirements and restrictions noted above, the City 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 30% of the increment collected from the district (over its lifetime) will be used for affordable housing purposes as described above.

The Heritage Landing Apartments TIF Budget is amended as follows:

**Heritage Landing Apartments Tax Increment District Budget**

Acquisition & related costs	\$2,000,000
Public Improvements and Site Preparation	2,400,000
Contingency @10%	440,000
Pooling for Affordable Housing	1,382,857
Administration	691,424
<b>Total Uses</b>	<b>\$6,914,286</b>

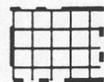


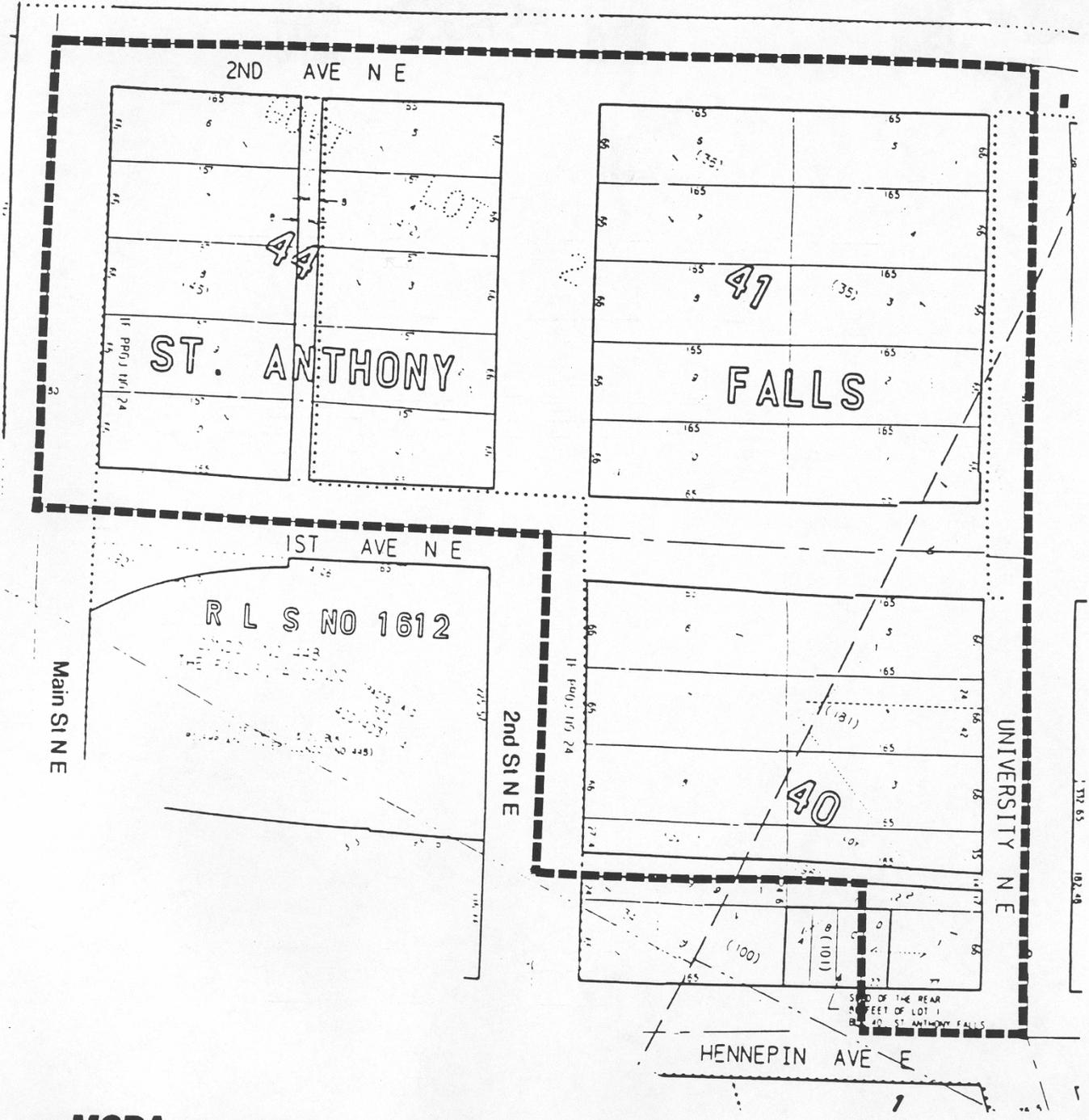
**MCDA**

Progress Through Partnership

**Parcel C TIF  
Boundary Map  
October 26, 2001**

Boundary of Parcel C TIF  
District





**MCDA**

Progress Through Planning

East Hennepin & University Redevelopment Plan  
and Tax Increment Finance Plan

LEGEND

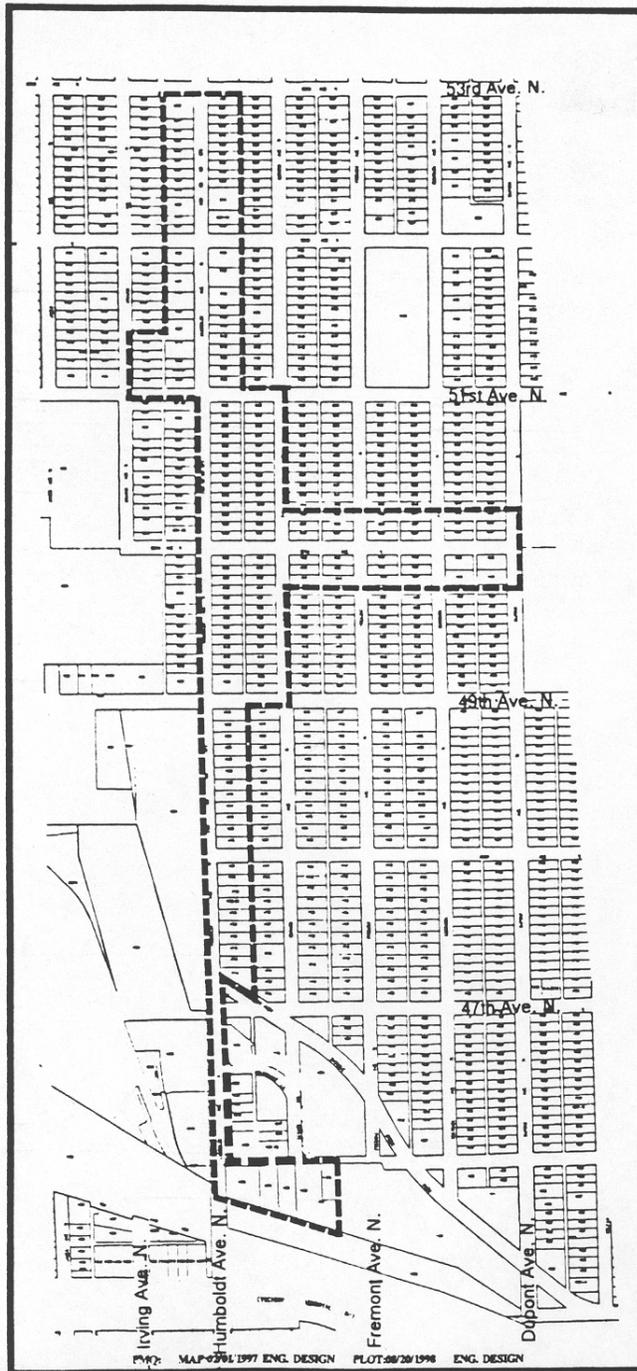
Project and Tax  
Increment Finance  
District Boundary



April 28, 2000

Boundary Map

EXHIBIT 1



**MCDA**  
Progress Through Partnerships

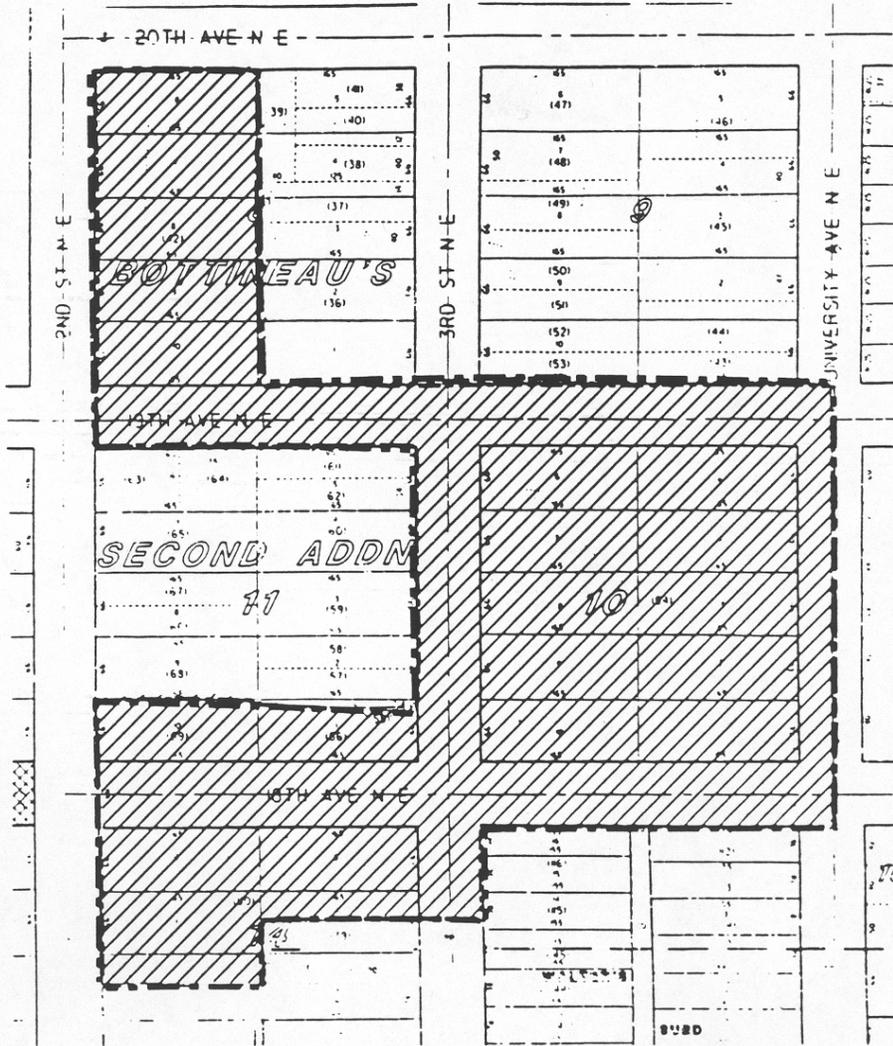
Humboldt Greenway Redevelopment  
Tax Increment Finance Plan

LEGEND

— ■ — Boundary

December 23, 1999

Boundary Map

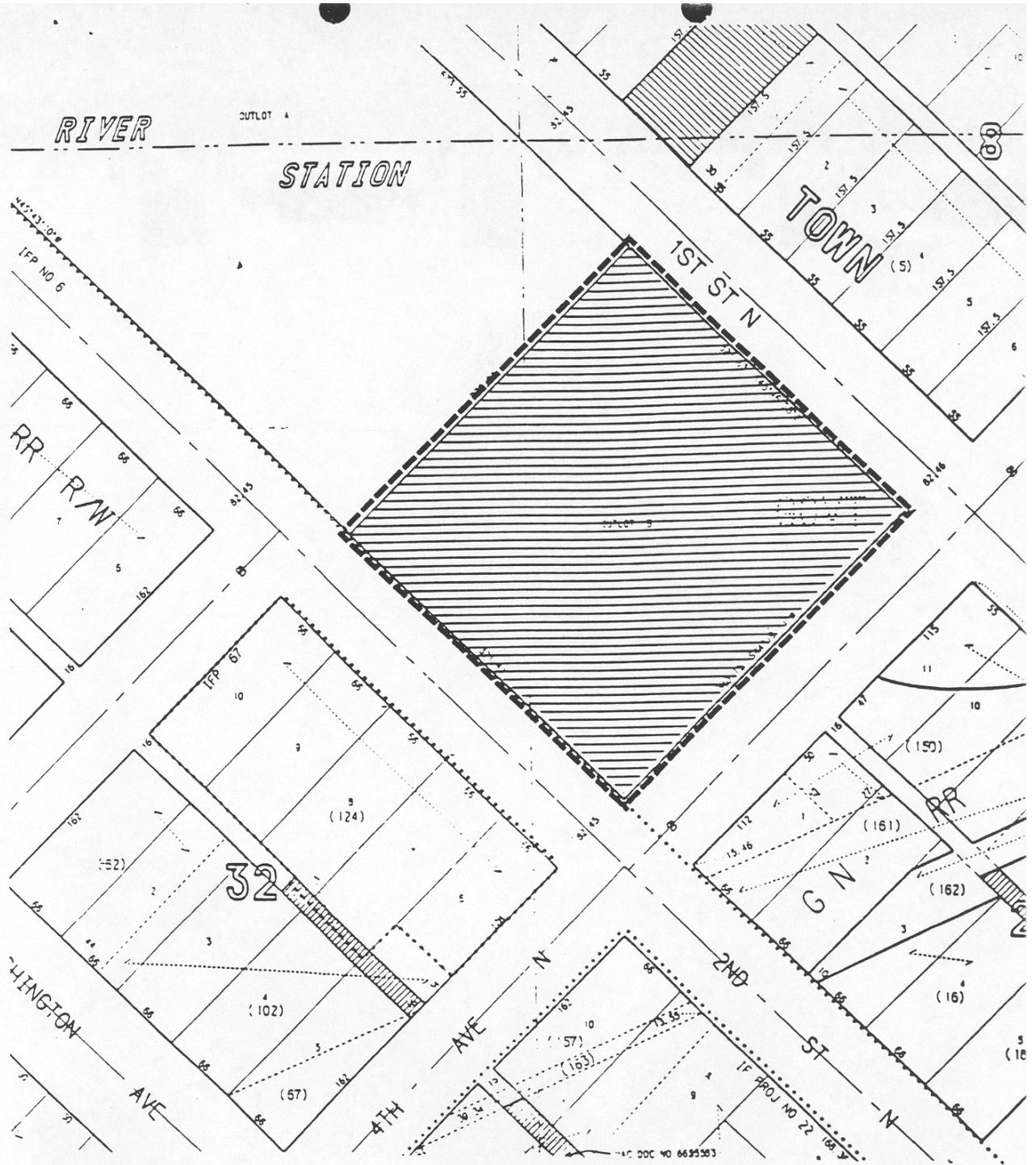


**MCDA** Progress Through Partnership

**Bottineau Tax Increment Finance Plan  
Boundary Map  
July 13, 2001**



Parcels in Tax  
Increment District



**MCDA**

(Heritage Landing Apartments)  
 Housing Development Project and  
 Housing TIF District

October 2, 1998



Property included in the  
 Heritage Landing Apartments  
 Housing Development  
 Project and Housing TIF District