



**Longfellow Station  
Tax Increment Financing Plan**

For Public Review  
7-16-09

# Longfellow Station Tax Increment Financing Plan

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3. Assumptions Schedule
4. Projected Tax Increment Schedule
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# Longfellow Station Tax Increment Financing Plan

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## I. Introduction

Two plan documents have been prepared to facilitate the development of Longfellow Station, a mixed-use, mixed-income, transit-oriented development (TOD) to be located at 3815 Hiawatha Avenue:

- The Longfellow Station Tax Increment Financing (TIF) Plan establishes a new housing TIF district within the Longfellow Station Redevelopment Project area to help finance various public project costs and to establish a TIF budget for the use of TIF revenue generated by the new TIF district.
- Modification No. 115 to the Common Development and Redevelopment Plan and Common TIF Plan expands the boundaries of the Common Project to include the Longfellow Station Redevelopment Project area and identifies Hiawatha LRT Corridor Transit-Oriented Development (TOD) Program funds as a potential funding source for the Longfellow Station development.

The geographic area of the Longfellow Station TIF District (Property Identification No. 12-028-24-11-0182) will be included within the boundaries of the Common Project. However, the Longfellow Station TIF District itself will not be incorporated into the Common Project and will not be subject to the existing Common Project obligations and commitments.

## II. TIF District Boundary

The Longfellow Station TIF District consists of one tax parcel identified below. The parcel is located within the Howe neighborhood of south Minneapolis.

<u>Property Identification Number</u>	<u>Property Address</u>
12-028-24-11-0182	3815 Hiawatha Avenue

The TIF District Boundary Map (Exhibit 1) shows the boundary of the Longfellow Station TIF District and the Longfellow Station Redevelopment Project area, within which the TIF district is located.

## III. Type of TIF District

The Longfellow Station TIF District is a "housing district" as defined in M.S. Section 469.174, Subd. 11 and Section 469.1761, Subd. 1 and 3.

**M.S. Section 469.174, Subd. 11** "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 and that satisfies the requirements of section 469.1761. 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.

**M.S. Section 469.1761, Subd. 1.** (a) In order for a tax increment financing district to qualify as a housing district: (1) the income limitations provided in this section must be satisfied; and (2) no more than 20 percent of the square footage of buildings that receive assistance from tax increments may consist of commercial, retail, or other nonresidential uses. (b) The requirements imposed by this section apply to property receiving assistance financed with tax increments, including interest reduction, land transfers at less than the authority's cost of acquisition, utility service or connections, roads, parking facilities, or other subsidies. The provisions of this section do not apply to districts located in a targeted area as defined in M.S. Section 462C.02, Subd. 9, clause (e).

**M.S. Section 469.1761, Subd. 3.** For residential rental property, the property must satisfy the income requirements for a qualified residential rental project as defined in section 142(d) of the Internal Revenue Code. The requirements of this subdivision apply for the duration of the tax increment financing district.

Additional information about the district's eligibility as a housing TIF district is provided in the Documentation of Eligibility (Exhibit 2).

#### **IV. Maximum Duration of the TIF District**

The maximum duration of the Longfellow Station TIF District is that which is prescribed by the Tax Increment Financing Act (the "TIF Act", M.S. Sections 469.174-469.1799) for a housing district. At the time this document was prepared, the TIF Act allowed for a maximum of 26 years of tax increment collection.

#### **V. Statement of Objectives**

The City of Minneapolis seeks to achieve the following objectives through this TIF plan:

- Increase the number of housing units and choices within the city.
- Remedy the shortage of housing for low and moderate income residents.
- Create a mix of uses at densities sufficient to create a vibrant, transit-oriented community.
- Increase the property tax base and maintain population diversity.
- Eliminate blighting influences.
- Provide employment opportunities.

#### **VI. Proposed Development Activity**

##### **A. Description of Proposed Development Activity**

Longfellow Station is a mixed-use, mixed-income, transit-oriented development to be located at 3815 Hiawatha Avenue within the Howe neighborhood of south Minneapolis. Capital Growth Real Estate proposes to redevelop the former Purina

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Mills site, an abandoned grain milling operation on an approximately 3.5-acre lot directly across Hiawatha Avenue from the 38<sup>th</sup> Street LRT station. The site is currently occupied by a vacant industrial bulk storage building with an attached dock and shipping area.

Longfellow Station will be a green-oriented and pedestrian-friendly project with approximately 10,000 square feet of retail space, 196 housing units and 241 surface and underground parking spaces serving the commercial and residential uses. The project will consist of two newly constructed five-story buildings with four levels of rental apartments above first floor commercial/retail space. Forty units (20 percent of the total number of units) will be affordable at 50 percent of the MMI (metropolitan median income), in compliance with the City's Unified Housing Policy. Of the remaining 156 units, 28 will be affordable at 60 percent of MMI, 20 will be affordable at 80 percent of MMI, and 108 will be market-rate.

The project design includes green roof sections, an innovative storm water runoff pond system, and an internal system of pedestrian connections. The proposed site plan and a project elevation are attached as Exhibit 6.

The Longfellow Station project will be a step toward implementing the vision articulated in the 38th Street Station Area Plan and may be a catalyst for future development in the station area and along the Hiawatha LRT Corridor.

The City of Minneapolis has entered into one loan agreement and several grant agreements related to the Longfellow Station project, as follows:

- HOME Loan Agreement with the Longfellow Housing Limited Partnership (the developer) for the development of affordable housing through the City's Affordable Housing Trust Fund.
- Grant Agreement with the Metropolitan Council for site acquisition assistance through the Hiawatha Land Assembly Fund (HLAF).
- Grant Agreement with the Metropolitan Council for demolition/site clearance assistance with 2006 funding from the Livable Communities Development Account (LCDA) grant program.
- Grant Agreement with the Metropolitan Council for infrastructure construction assistance with 2007 funding from the LCDA grant program.
- Grant Agreement with the Metropolitan Council for contamination cleanup assistance from the Livable Communities Tax Base Revitalization Account (TBRA) grant program.
- Grant Agreement with the Minnesota Department of Employment & Economic Development (DEED) for contamination cleanup assistance from the Contamination Cleanup grant program.
- Grant Agreement with DEED for assistance with acquisition, demolition, and infrastructure construction from the Redevelopment Grant program.

## Longfellow Station Tax Increment Financing Plan

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### B. Property That May Be Acquired

The City of Minneapolis does not currently intend to acquire any property within the TIF district. The site is owned by the developer, Longfellow Station I, LLC (c/o Capital Growth Real Estate, LLC).

### C. Other Expected Development Activity

No additional development activity is anticipated within the TIF district.

## VII. Description of Financing

The figures, sources, and methods of financing identified in this TIF plan are based on the best estimates and projections available at the time this plan was prepared. Slight changes can be expected. However, if significant changes occur that affect the structure or financial feasibility of the project, or increase the project costs to be paid with tax increment or bonded indebtedness to be incurred beyond the amounts listed in this plan, then a formal modification to this plan may become necessary. Such a modification would require the same review and approval process as the original approval of this TIF plan.

### A. Costs to be Paid With Tax Increment

The total cost of the project is currently estimated to be approximately \$38.7 million. The maximum amount of project costs that can be paid utilizing tax increment revenues generated from within the Longfellow Station TIF District is shown below. Such tax increment will only be used to reimburse project costs associated with the housing portion of the project and the City's administrative costs relating to the district.

The City reserves the right to administratively adjust the amount of any of the line items listed, or to incorporate additional eligible line items, provided that the total use figures listed below are not exceeded.

<u>Sources</u>	<u>Up-Front</u>	<u>Over Time</u>
Developer Funds	\$3,250,000	---
Tax Increment	---	<u>\$8,628,000</u>
Total Sources	\$3,250,000	\$8,628,000
 <u>Uses</u>		
Housing Construction	\$3,250,000	---
Pay-As-You-Go Note Principal	---	\$3,250,000
Pay-As-You-Go Note Interest	---	4,515,200
City Administration Costs	---	<u>862,800</u>
Total Uses	\$3,250,000	\$8,628,000

**B. Maximum Bonds to be Issued**

Although the City does not currently anticipate issuing any tax increment bonds for the Longfellow Station Project, the City does reserve the right to issue such bonds in an amount not to exceed \$3,250,000. It is anticipated that the City will issue the developer a pay-as-you-go TIF note in an amount not to exceed \$3,250,000. The City will semi-annually distribute net tax increment to the developer under the terms of the TIF note which will be used, along with operating revenues generated by the project itself, to pay debt service on privately obtained first mortgage financing.

**C. Other Sources of Funding**

The project has numerous sources of private and public funding. It is anticipated that private debt will be secured through HUD's 221(d)(4) program. Public funding will be provided by the City of Minneapolis, Hennepin County, the Metropolitan Council, Minnesota Department of Employment and Economic Development (DEED), and the Minnesota Housing Finance Agency. A complete and up-to-date listing of all the anticipated sources of funding for the project is included in the City Council report that will accompany this plan.

**D. Original Net Tax Capacity**

The property in the TIF district has an estimated market value (EMV) of \$1,272,600 (as assessed in 2009 for taxes payable in 2010). Upon project completion and reclassification to both rental housing (class 4a and 4d) and commercial (3a) property, it is projected that the original net tax capacity (ONTC) of the TIF district will be approximately \$16,118.

**E. Original Tax Capacity Rate**

The original tax capacity rate for the TIF district will be the total local tax capacity rate for all applicable taxing jurisdictions for taxes payable in 2010. At the time this TIF plan was drafted this rate was not yet available. For the purpose of calculating the hypothetical impact on other taxing jurisdictions (see Section VIII), the total tax capacity rate for taxes payable in 2009 was used (128.088 percent). For tax increment projection purposes, a total tax capacity rate of 120 percent was assumed (see Section VIII).

**F. Fiscal Disparities Election**

For the purpose of calculating tax increment, the City of Minneapolis elects that the fiscal disparity contribution required for all commercial/industrial property located within the TIF district will be made from "outside" the TIF district (M.S. Section 469.177, Subd. 3, Paragraph (a)).

**G. Projected Captured Net Tax Capacity and Tax Increment**

Upon project completion it is projected that the total EMV of the property in the TIF district will be \$22,560,000, and the total net tax capacity (NTC) will be \$269,033. The captured net tax capacity of the TIF district at completion is therefore projected to be \$252,915 (for taxes payable in 2013).

The Assumptions Schedule (Exhibit 3) shows the various assumptions used in projecting net tax increment from the TIF district.

The Projected Tax Increment Schedule (Exhibit 4) shows how tax increment was projected over a 26-year period (2011 to 2036).

**VIII. Estimated Impact on Other Taxing Jurisdictions**

It is the position of the City of Minneapolis that the development of the property included in this TIF district would not occur as proposed without tax increment financing assistance.

Nevertheless, if it is assumed for the purpose of analysis that the proposed development would occur without tax increment financing assistance, and that the estimated captured net tax capacity at project completion would be immediately available, then the estimated annual impact to the applicable taxing jurisdictions would be as follows:

Taxing Jurisdiction	Pay 2009 Tax <u>Capacity Rate</u>	Property Taxes Resulting From \$252,915 in Captured Net <u>Tax Capacity</u>
City of Minneapolis	57.049%	\$144,285
Hennepin County	39.669	100,329
Special School District #1	24.543	62,073
Other	<u>6.827</u>	<u>17,267</u>
Total	128.088%	\$323,954

Fiscal and Economic Implications of the TIF District

The estimated amount of total tax increment that would be generated over the maximum duration of the TIF district is \$8,659,096.

The probable impact of the TIF district on City-provided services such as police and fire protection, public infrastructure, and borrowing costs attributable to the TIF district is projected to be very minor due to the small size of the project in comparison to the size of the City budget and tax base.

## Longfellow Station Tax Increment Financing Plan

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The estimated amount of tax increment generated over the life of the TIF district that would be attributable to the School District, assuming the School District's tax rate remains at approximately 19.2 percent of the total tax rate, would equal \$1,662,546.

The estimated amount of tax increment generated over the life of the TIF district that would be attributable to the County, assuming the County's tax rate remains at approximately 31.0 percent of the total tax rate, would equal \$2,684,320.

As of the date this plan was prepared, neither the County nor School District have requested any additional information which could assist them in determining additional costs that may accrue due to the development in the TIF district.

### **IX. Basis for Finding That Development Would Not Occur Without TIF Assistance**

M.S. Section 469.175, Subd. 3 provides that, prior to the approval of a TIF 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 City of Minneapolis that the private development to be constructed in the TIF district would not occur without public participation and financial assistance. This conclusion and finding is based upon the factors and circumstances described below.

The developer has stated that "but-for" the use of tax increment financing the development will not proceed. A financial analysis conducted by the City indicated that projected development costs exceed available funding sources and that a funding gap exists. In order to close this funding gap, tax increment financing assistance is deemed necessary and appropriate.

The project is consistent with development objectives set forth in the Minneapolis Tax Increment Policy in that it will 1) provide housing choices that meet the needs of current residents and attract new residents to the city, 2) provide affordable housing, 3) develop an underutilized site, 4) eliminate blighting influences and 5) provide employment opportunities.

The amount of tax increment financing requested is reasonable when compared to the overall cost of developing the project, and the developer has explored other options to secure private and public funding for these costs prior to requesting tax increment financing assistance from the City.

The funding gap is in part due to the inclusion of 40 affordable rental units within the project. This is in compliance with the City's Unified Housing Policy. The Unified Housing Policy recognizes the serious shortage of affordable housing in Minneapolis and seeks to "grow the population and to have no net loss of housing across all income levels". The Policy also states that the City will focus on linking incentives to housing opportunities in proximity to jobs and transit. The Longfellow Station project will be located along the Hiawatha LRT Corridor.

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A tax increment financing district site must also pass a "market value test" in order to support the finding that the development could not occur without tax increment assistance (M.S. Section 469.175, Subd. 3(b)(2)(ii)). Exhibit 5 contains the calculations necessary to demonstrate that this test has been satisfied.

# Longfellow Station Tax Increment Finance District Boundary Map

## Legend

 Redevelopment Project & TIF District



**Exhibit 2**  
**Documentation of Eligibility**

The purpose of this exhibit is to describe the conditions that qualify the Longfellow Station tax increment financing (TIF) district as a housing district as defined in Minnesota Statutes Section 469.174, Subd. 11:

"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 and that satisfies the requirements of section 469.1761. 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.

and Section 469.1761, Subd. 1:

(a) In order for a tax increment financing district to qualify as a housing district: (1) the income limitations provided in this section must be satisfied; and (2) no more than 20 percent of the square footage of buildings that receive assistance from tax increments may consist of commercial, retail, or other nonresidential uses. (b) The requirements imposed by this section apply to property receiving assistance financed with tax increments, including interest reduction, land transfers at less than the authority's cost of acquisition, utility service or connections, roads, parking facilities, or other subsidies. The provisions of this section do not apply to districts located in a targeted area as defined in M.S. Section 462C.02, Subd. 9, clause (e).

and Section 469.1761, Subd. 3:

For residential rental property, the property must satisfy the income requirements for a qualified residential rental project as defined in section 142(d) of the Internal Revenue Code. The requirements of this subdivision apply for the duration of the tax increment financing district.

**Compliance with Income Restrictions**

The income requirements for a qualified residential rental project as defined in section 142(d) of the Internal Revenue Code are such that one of two tests must be met:

- a. **20-50 Test** Twenty percent or more of the residential units in the project are occupied by individuals whose income is 50 percent or less of area median gross income.

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- b. **40-60 Test** Forty percent or more of the residential units in the project are occupied by individuals whose income is 60 percent or less of area median gross income.

Forty of the 196 units in the Longfellow Station development, or 20.4 percent, will be occupied by individuals whose income is 50 percent or less of the area median gross income, and thus the project meets the first test.

### **Compliance with Requirements for Non-Residential Uses**

M.S. Section 469.1761, Subd. 1(a) provides that no more than 20 percent of the square footage of buildings that receive tax increment assistance may consist of commercial, retail or other non-residential uses. The 230,805-square foot Longfellow Station development will include 10,000 square feet of non-residential (retail) uses, which is 4.3 percent of the total building area.

**Exhibit 3**  
**Assumptions Schedule**  
**Longfellow Station**

Type of Tax Increment Financing (TIF) District	Housing
Maximum Duration of TIF District	26 Years of Tax Increment Collection
Certification Request Date	10/01/09

Construction Year =	2009	2010	2011
Assessment Year =	2010	2011	2012
Taxes Payable Year =	2011	2012	2013

Rental Housing EMV	\$2,106,901	\$15,801,750	\$21,069,000
Rental Housing NTC	\$26,336	\$197,522	\$239,963
Commercial EMV	\$149,100	\$1,118,250	\$1,491,000
Commercial NTC	\$2,237	\$21,615	\$29,070
Total EMV	\$2,256,001	\$16,920,000	\$22,560,000
Total NTC	\$28,573	\$219,137	\$269,033

Original Estimated Market Value (EMV)	\$1,272,600
Original Net Tax Capacity (ONTC)	\$16,118

Total Net Tax Capacity Annual Growth Factor	1.15%
First Year of Annual Growth	2014
Total Tax Capacity Rate	120.000%
City Administrative Fee	10.00%



## Exhibit 5 Market Value Test Schedule

Valuation and Tax Increment Assumptions			
	Pay 2011	Pay 2012	Pay 2013
Total Estimated Market Value (EMV)	\$2,256,001	\$16,920,000	\$22,560,000
Less: Original EMV	1,272,600	1,272,600	1,272,600
Captured EMV	\$983,401	\$15,647,400	\$21,287,400
Total Net Tax Capacity (NTC)	\$28,573	\$219,137	\$269,033
Less: Original NTC	16,118	16,118	16,118
Captured NTC	\$12,455	\$203,019	\$252,915
Times: Projected Total Tax Rate	120.000%	120.000%	120.000%
Gross Tax Increment	\$14,946	\$243,623	\$303,498
Less: State Auditor's Fee (.36%)	54	877	1,093
Tax Increment Distributed to City	\$14,892	\$242,746	\$302,405

26 Years of TI Collection		
Years of TIF Collection	Payable Year	Tax Increment Distributed To City
---	2009	\$0
---	2010	0
1	2011	14,892
2	2012	242,746
3	2013	302,405
4	2014	306,105
5	2015	309,847
6	2016	313,632
7	2017	317,460
8	2018	321,332
9	2019	325,249
10	2020	329,212
11	2021	333,219
12	2022	337,272
13	2023	341,373
14	2024	345,520
15	2025	349,715
16	2026	353,958
17	2027	358,251
18	2028	362,592
19	2029	366,983
20	2030	371,425
21	2031	375,919
22	2032	380,463
23	2033	385,060
24	2034	389,710
25	2035	394,413
26	2036	399,171
		\$8,627,924
<b>P.V. @</b>	<b>5.00%</b>	<b>\$4,266,443</b>

Market Value Test	
<b><u>Analysis Required by M.S. Section 469.175, Subd. 3 (2)</u></b>	
(1) "... the increased market value of the site that could reasonably be expected to occur without the use of tax increment ...":	
(a) Projected estimated market value without the use of tax increment	\$1,272,600
(b) Original estimated market value	1,272,600
(c) Increased estimated market value without the use of tax increment = (a) - (b)	\$0
(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.":	
(d) Increase in the estimated market value of the completed development.	\$21,287,400
(e) Present value of the projected tax increment for the maximum duration of the district	4,266,443
(f) Difference = (d) - (e)	\$17,020,957
<b>(3) Since (c) is less than (f), the proposed development or redevelopment passes the test.</b>	

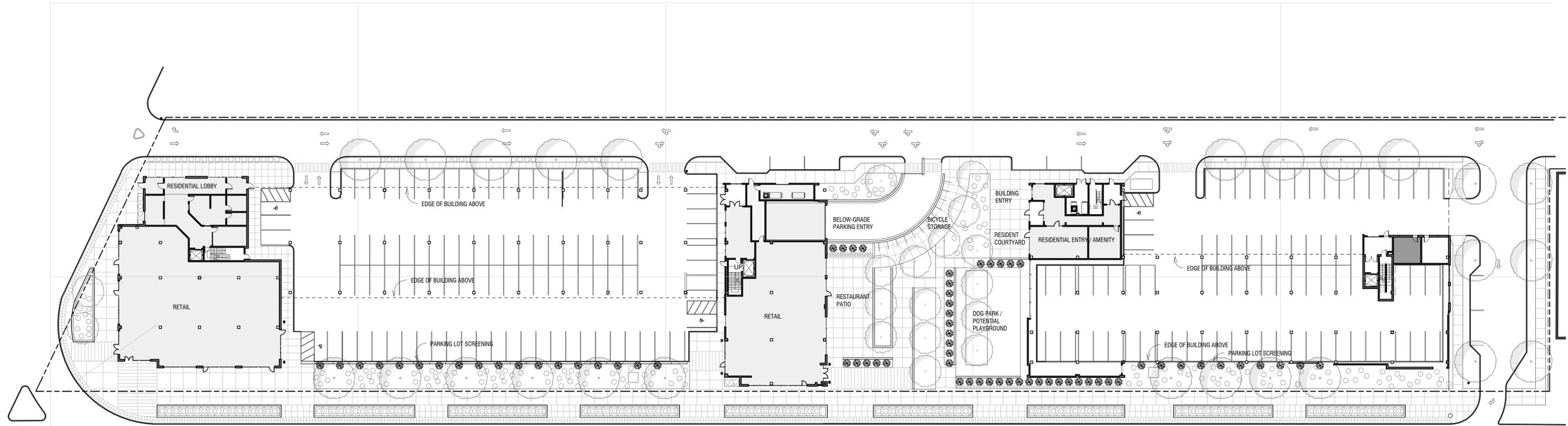


Longfellow Station

Minneapolis, MN 03.05.2009

Updated Concept Image





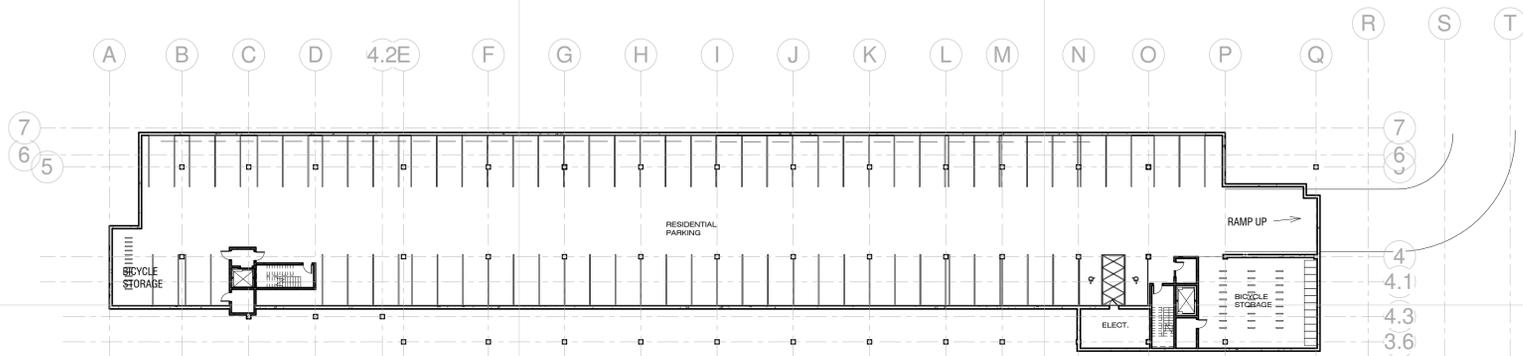
2 OVERALL SITE PLAN / FIRST FLOOR PLAN  
A000 1" = 30'-0"

PRELIMINARY  
NOT FOR  
CONSTRUCTION

REVISIONS  
# Date Description

DATE 3/5/2009  
PROJECT # 05-0018  
PHASE ---

DRAWN BY Author  
CHECKED BY Checker



UNEXCAVATED AT SOUTH BUILDING

1 A000 - BASEMENT NORTH  
A000 1" = 30'-0"

OVERALL SITE  
PLAN AND  
BASEMENT  
PLAN

PRELIMINARY  
NOT FOR  
CONSTRUCTION

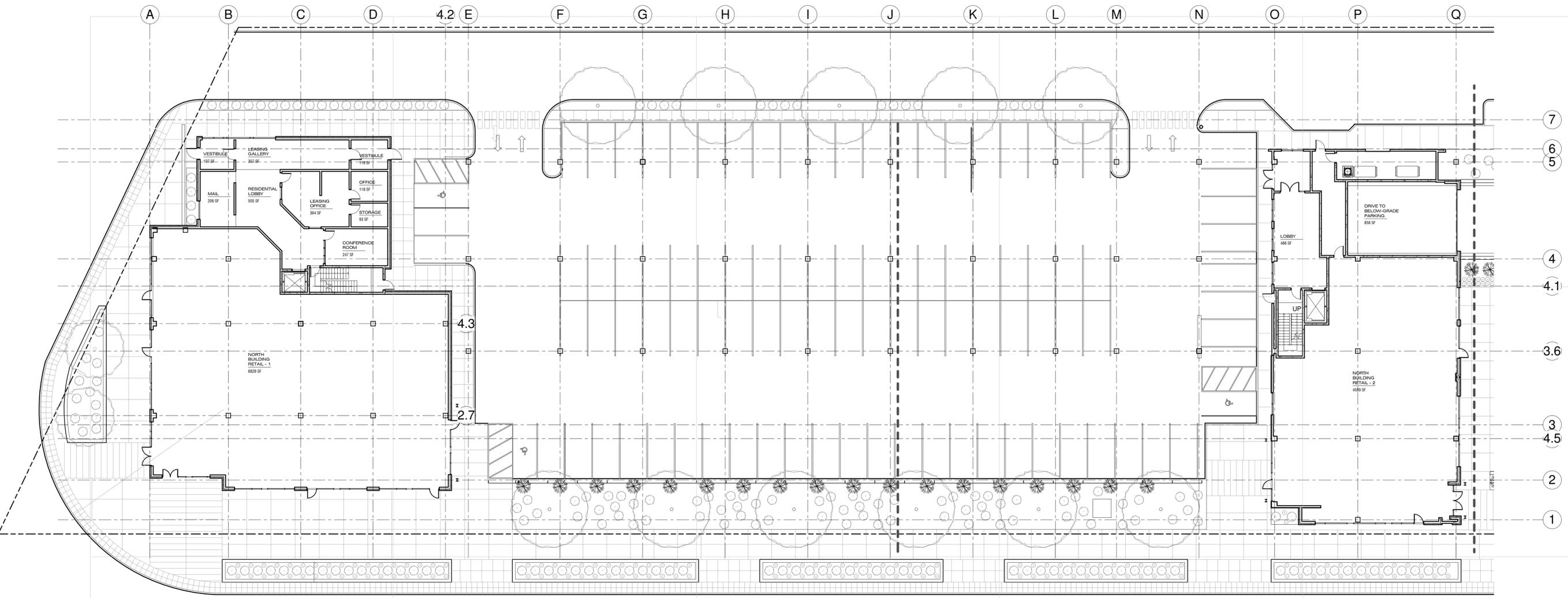
REVISIONS  
# Date Description

DATE 3/5/2009  
PROJECT # 05-0018  
PHASE ---

DRAWN BY DPH  
CHECKED BY DPH

NORTH BUILDING  
OVERALL PLANS

A001-N



1 A001 - OVERALL FIRST FLOOR NORTH  
1/16" = 1'-0"



2 A001 - OVERALL SECOND FLOOR NORTH 1/16"  
1/16" = 1'-0"

PRELIMINARY

NOT FOR  
CONSTRUCTION

REVISIONS

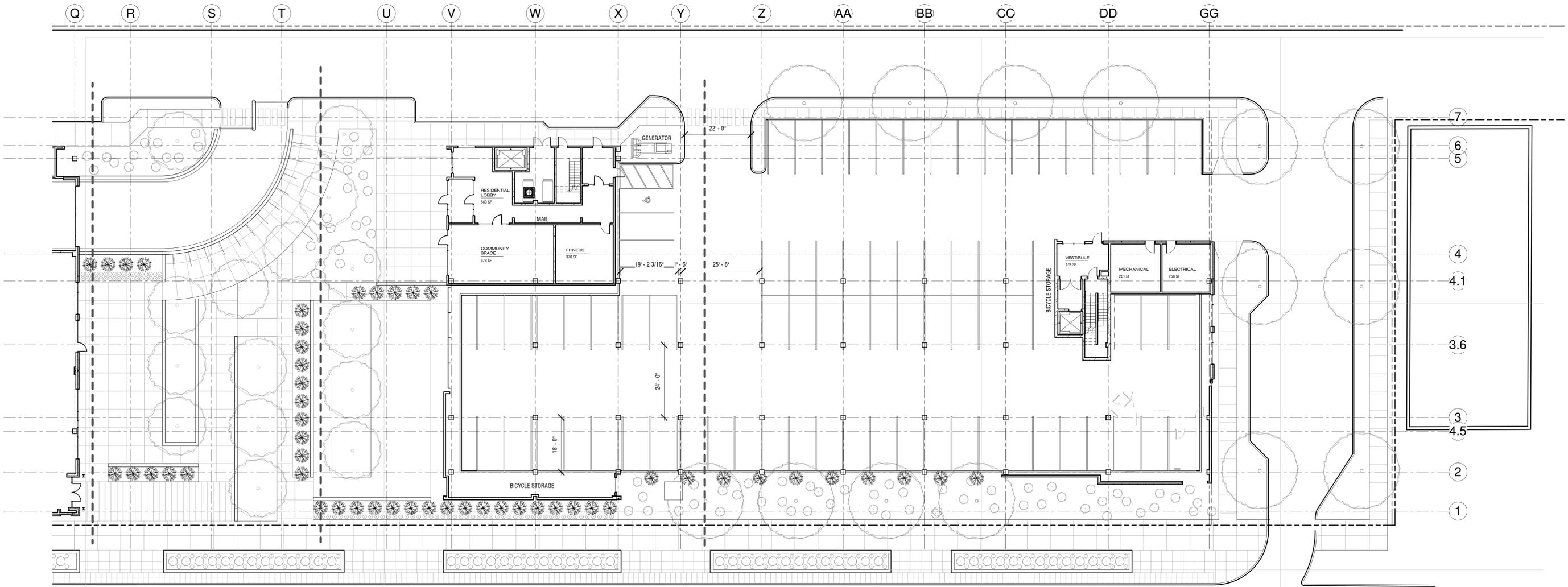
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PROJECT #	05-0018
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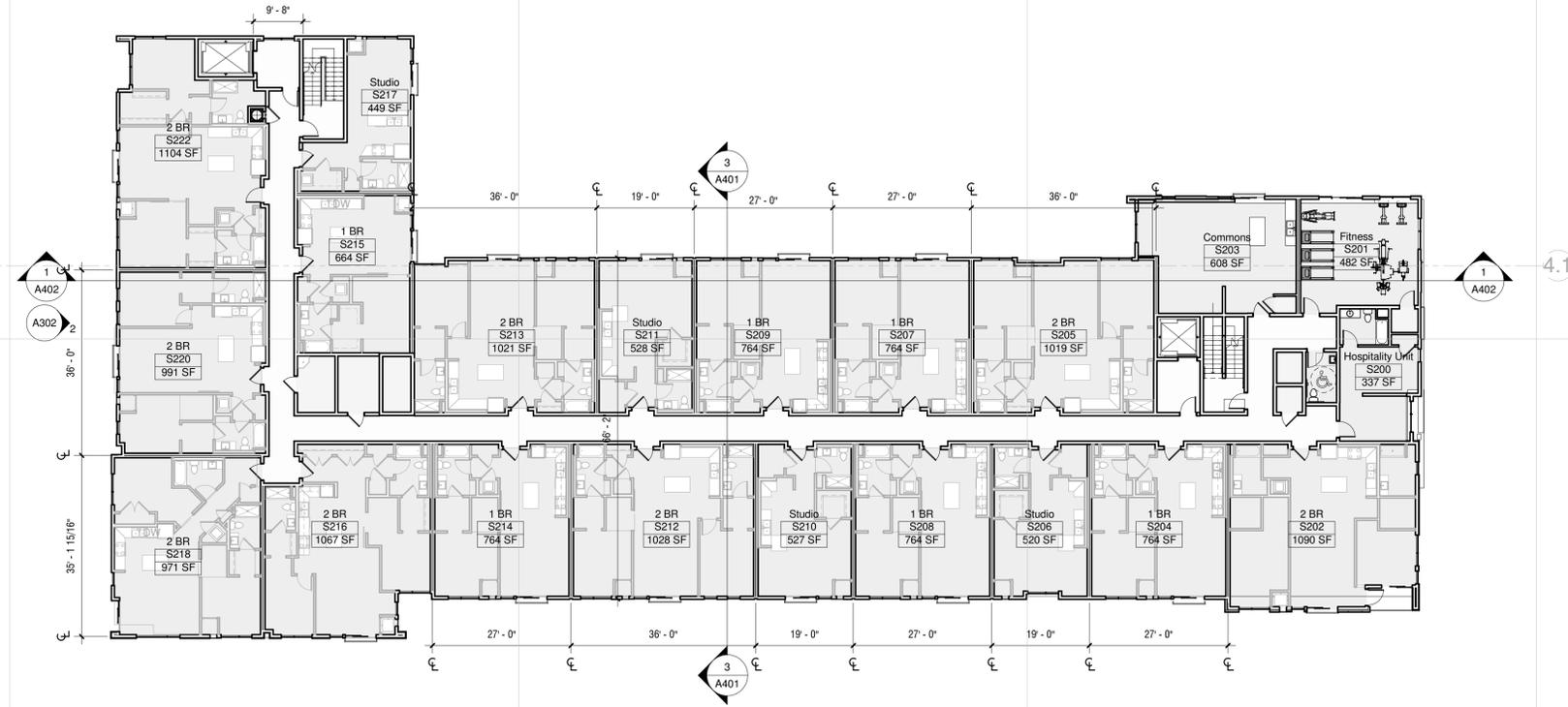
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CHECKED BY	DPH

SOUTH  
BUILDING  
OVERALL  
PLANS

**A001-S**



1 A001-S - OVERALL FIRST FLOOR SOUTH  
1/16" = 1'-0"



2 A001-S - OVERALL SECOND FLOOR SOUTH 1/16"  
1/16" = 1'-0"



**Modification No. 115**  
**to the**  
**Common Development and Redevelopment Plan**  
**and**  
**Common Tax Increment Financing Plan**  
**(Longfellow Station)**

For Public Review  
7-16-09

**Modification No. 115  
to the  
Common Development and Redevelopment Plan  
and Common Tax Increment Financing Plan**

**(Longfellow Station)**

Table of Contents

(This Table of Contents is not part of Modification No. 115 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**

		<b>Impact of Mod. No. 115</b>
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	<b>Changed</b>
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	No Change
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	No Change
Subsection B.5.	Development Activity in Common Project for Which Contracts Have Been Signed and Other Specific Development Expected to Occur	<b>Changed</b>
Subsection B.6.	Description of Financing	<b>Changed</b>
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
Exhibit 1	Boundary/Land Use Map	<b>Changed</b>

**Modification No. 115  
to the  
Common Development and Redevelopment Plan  
and Common Tax Increment Financing Plan**

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**Introduction**

Two plan documents have been prepared to facilitate the development of Longfellow Station Phase 1A, a mixed-use, mixed-income, transit-oriented development (TOD) to be located at 3815 Hiawatha Avenue:

- The Longfellow Station Tax Increment Financing (TIF) Plan establishes a new housing TIF district within the Longfellow Station Redevelopment Project area to help finance various public project costs and to establish a TIF budget for the use of TIF revenue generated by the new TIF district.
- This Modification No. 115 to the Common Development and Redevelopment Plan and Common TIF Plan expands the boundaries of the Common Project to include the Longfellow Station Redevelopment Project area and identifies Hiawatha LRT Corridor Transit-Oriented Development (TOD) Program funds as a potential funding source for the Longfellow Station Phase IA development.

The geographic area of the Longfellow Station TIF District (Property Identification No. 12-028-24-11-0182) will be included within the boundaries of the Common Project. However, the Longfellow Station TIF District itself will not be incorporated into the Common Project and will not be subject to the existing Common Project obligations and commitments.

Sections of the Common Development and Redevelopment Plan and Common Tax Increment Financing Plan that are identified as having no change retain the language adopted in the original plans or previous modifications to the plans.

By reference, Modification No. 115 to the Common Plan is incorporated into the Incorporated Project Documents, and in itself is designated an Incorporated Document.

**SECTION A. Common Development and Redevelopment Plan**

- 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)

Modification No. 115 to the Common Plan

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**Subsection A.6.** History of Establishment and Modification of Projects and TIF Districts Included in Common Project Area **(Changed)**

Subsection A.6. is modified to include the following information:

Project	Plan, Mod or Amendment	City Council Approval Date	Resolution Number
<i>Common Project</i>	<i>Modification No. 115 to the Common Plan (Longfellow Station)</i>	<i>September 18, 2009 (anticipated)</i>	<i>2009R-_____</i>

**Subsection A.7.** Estimated Public Improvement Costs (No Change)

**Subsection A.8.** Boundaries of the Common Project Area **(Changed)**

One tax parcel is to be added to the Common Project Area. The parcel is located within the Howe neighborhood of south Minneapolis.

<u>Property Identification Number</u>	<u>Property Address</u>
12-028-24-11-0182	3815 Hiawatha Avenue

Exhibit 1 shows the area to be added to the Common Project. The boundary of the area added to the Common Project by Modification No. 115 is also the boundary of the Longfellow Station Redevelopment Project and the Longfellow Station TIF District.

**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 (No Change)**

**Subsection B.1.** Summaries of Participating Tax Increment Financing Districts (No Change)

**Subsection B.2.** Boundaries of Participating Tax Increment Financing Districts (No Change)

**Subsection B.3.** Statement of Objectives and Development Program, Including Property to be Acquired (No Change)

**Subsection B.4.** Properties to be deleted from Participating Tax Increment Financing Districts (No Change)

**Subsection B.5. Development Activity in the Common Project for Which Contracts Have Been Signed and Other Specific Development Expected to Occur (Changed)**

Longfellow Station is a mixed-use, mixed-income, transit-oriented development to be located at 3815 Hiawatha Avenue within the Howe neighborhood of south Minneapolis. Capital Growth Real Estate proposes to redevelop the former Purina Mills site, an abandoned grain milling operation on an approximately 3.5-acre lot directly across Hiawatha Avenue from the 38th Street LRT station. The site is currently occupied by a vacant industrial bulk storage building with an attached dock and shipping area.

Longfellow Station will be a green-oriented and pedestrian-friendly project with approximately 10,000 square feet of retail space, 196 housing units and 241 surface and underground parking spaces serving the commercial and residential uses. The project will consist of two newly constructed five-story buildings with four levels of rental apartments above first floor commercial/retail space. Forty units (20 percent of the total number of units) will be affordable at 50 percent of the MMI (metropolitan median income), in compliance with the City's Unified Housing Policy. Of the remaining 156 units, 28 will be affordable at 60 percent of MMI, 20 will be affordable at 80 percent of MMI, and 108 will be market-rate.

The project design includes green roof sections, an innovative storm water runoff pond system, and an internal system of pedestrian connections.

The Longfellow Station project will be a step toward implementing the vision articulated in the 38th Street Station Area Plan and may be a catalyst for future development in the station area and along the Hiawatha LRT Corridor.

The City of Minneapolis has entered into one loan agreement and several grant agreements related to the Longfellow Station project, as follows:

- HOME Loan Agreement with the Longfellow Housing Limited Partnership (the developer) for the development of affordable housing through the City's Affordable Housing Trust Fund.
- Grant Agreement with the Metropolitan Council for site acquisition assistance through the Hiawatha Land Assembly Fund (HLAF).
- Grant Agreement with the Metropolitan Council for demolition/site clearance assistance with 2006 funding from the Livable Communities Development Account (LCDA) grant program.
- Grant Agreement with the Metropolitan Council for infrastructure construction assistance with 2007 funding from the LCDA grant program.
- Grant Agreement with the Metropolitan Council for contamination cleanup assistance from the Livable Communities Tax Base Revitalization Account (TBRA) grant program.
- Grant Agreement with the Minnesota Department of Employment & Economic Development (DEED) for contamination cleanup assistance from the Contamination Cleanup grant program.

- Grant Agreement with DEED for assistance with acquisition, demolition, and infrastructure construction from the Redevelopment Grant program.

**Subsection B.6.** Description of Financing **(Changed)**

Funding sources for the proposed Longfellow Station project may include Hiawatha LRT Corridor Transit-Oriented Development (TOD) Program funds. The City Council may consider approval of a loan to the developer from the TOD Program at the same time that it considers approval of Modification No. 115.

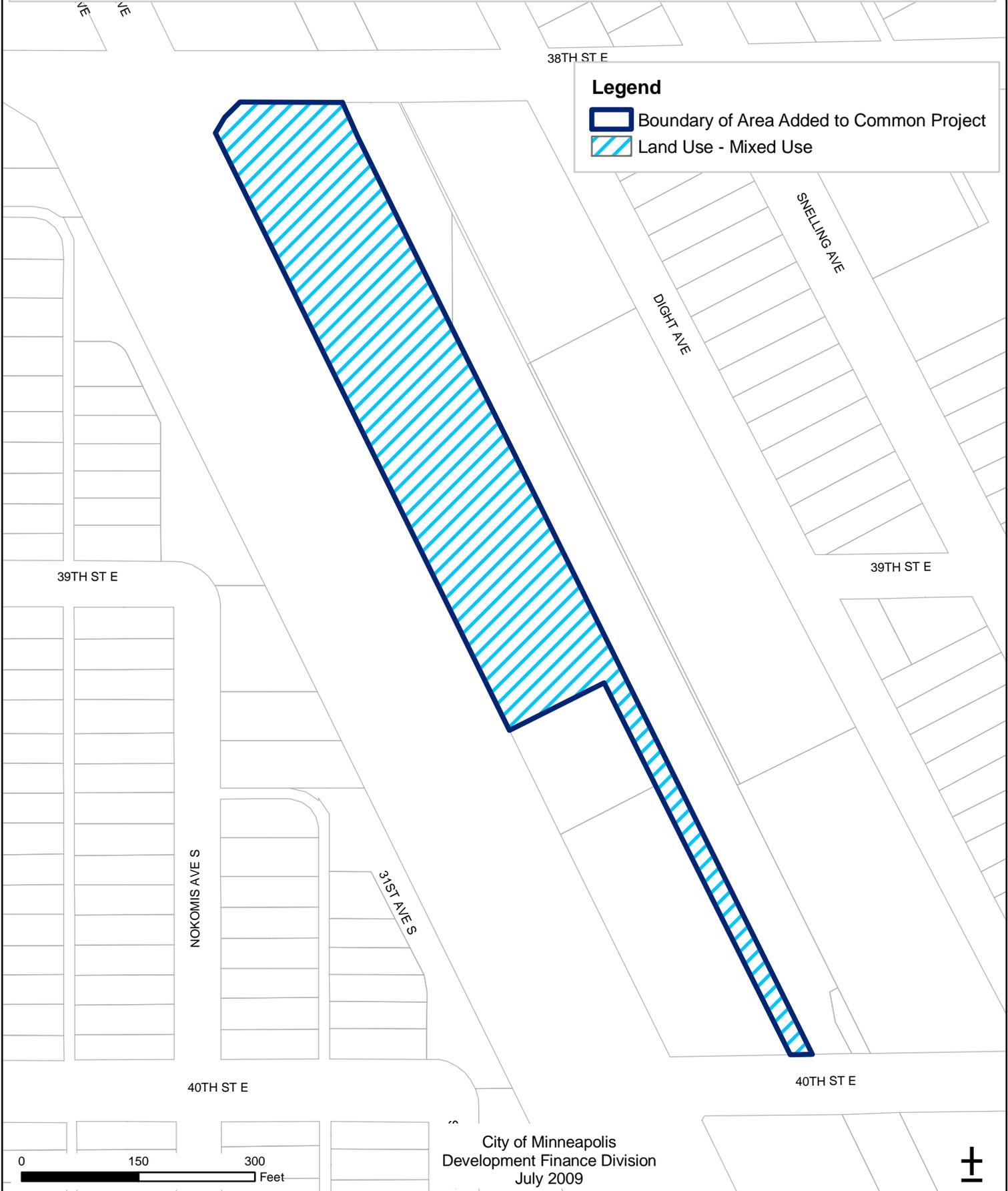
**Subsection B.7.** Estimated Impact on Other Taxing Jurisdictions (No Change)

**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 Plan (No Change)

# Modification No.115 to the Common Plan (Longfellow Station) Boundary/Land Use Map



### Legend

-  Boundary of Area Added to Common Project
-  Land Use - Mixed Use

