

**Adopting the Penn & Glenwood Redevelopment Plan, and the  
Ripley Gardens Apartments/Marshall Stacey Town Homes Tax Increment Finance (TIF) Plan**

**RESOLVED BY THE CITY COUNCIL OF THE CITY OF MINNEAPOLIS:**

**Section 1. Recitals**

- 1.1 Pursuant to Laws of Minnesota 2003, Chapter 127, Article 12, Sections 31-34, and Minneapolis Code of Ordinances, Chapter 415, the City of Minneapolis (the "City"), acting by and through its department of Community Planning and Economic Development, has been granted the authority to propose and implement city development districts, housing and redevelopment projects and tax increment financing districts, all pursuant to Minnesota Statutes, Sections 469.001 through 469.134, and 469.174 through 469.179, as amended, and other laws enumerated therein (collectively, the "Project Laws").
- 1.2 It has been proposed and the City has prepared, and this Council has investigated the facts with respect to, a proposed new Penn & Glenwood Redevelopment Plan, and Ripley Gardens Apartments/Marshall Stacey Town Homes Tax Increment Finance (TIF) Plan ("collectively, the Plans"). The Plans establish a new Redevelopment Project, designate property to be included within the boundaries of the proposed project area (the "Project Area"), establish objectives for redevelopment, identify a budget for expenditures, reflect project activities and costs, and establish a redevelopment TIF District, all pursuant to and in accordance with the Project Laws.
- 1.3 The City has performed all actions required by law to be performed prior to the adoption of the Plans, including, but not limited to, a review of the proposed Plans by the affected neighborhood groups and the City Planning Commission, transmittal of the proposed Plans to the Hennepin County Board of Commissioners and the School Board of Special School District No 1 for their review and comment, and the holding of a public hearing after published and mailed notice as required by law.
- 1.4 The Ripley Gardens Apartments/Marshall Stacey Town Homes TIF District is being established within and under the authority of the Penn & Glenwood Project Area. The site is located within the existing Harrison Urban Renewal Area; however, the Harrison Urban Renewal Plan is not being modified. With the approval of the Penn & Glenwood Redevelopment Plan, the development site will be located within two project areas. The provisions and requirements of the Penn & Glenwood Redevelopment Plan with respect to the development site supersede those of the Harrison Urban Renewal Plan.
- 1.5 The Council hereby determines that it is necessary and in the best interests of the City at this time to approve the Plans so as to establish a new Redevelopment Project Area and

TIF District, which Plans reflect project activities and costs in the Project Area and TIF District.

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

- 2.1 The Council hereby finds, determines and declares that the TIF District is a redevelopment district pursuant to Minnesota Statutes, Section 469.174, Subdivision 10. The proposed TIF District is located within the Penn & Glenwood Redevelopment Project Area, in accordance with the provisions of Minnesota Statutes Sections 469.001 through 469.047.
- 2.2 The Council further finds, determines and declares that the use of tax increment financing is deemed necessary as the proposed development would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the district permitted by the TIF plan. Because it is the opinion of the City of Minneapolis that the proposed Project to be financed, in part, by this TIF District would not occur solely through private investment at this time, the City projects that the estimated market value of the site without the use of tax increment would remain at its present level. The calculations necessary to pass this test are contained in the TIF Plan on page 19. As illustrated, the public redevelopment activity, expenditures, and market values associated with the redevelopment that is proposed in the TIF plan results in a series of calculations and figures that clearly pass the market value test. It is therefore the opinion of the City of Minneapolis that the development in this TIF District could not occur solely through private investment within the foreseeable future.
- 2.3 The Council further finds, determines and declares that the Plans will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the redevelopment of the project by private enterprise, as the proposed redevelopment removes blight and blighting influences, and will create needed housing for persons of all incomes, including very low, low, and low to moderate income residents, as the project complies with the City Affordable Housing Policy which requires that 20% of the units be affordable units. Private redevelopment of the property included in the Project Area and TIF District could not occur without public participation and financial assistance because rents and prices of the for-sale units, as well as the high costs of contamination cleanup and historic renovation are not sufficient to amortize the entire cost of this development. The rental and homeownership housing prices in the Harrison neighborhood would not support the costs of a market rate private development of the site. In order to avoid prolonged vacancy and deterioration of the site, public investment will be essential. The proposed project meets a need for provision of affordable rental housing, the provision of homeownership opportunities, and eliminates the blighting influences of deteriorated and substandard structures and environmental contamination. The financial structure of this project proposes major contributions from all state and local housing funders, and TIF financing is an important key to the development of this site. For both the rental and ownership components of the project, there are 43% affordable units; therefore, this project complies with the City Affordable Housing Policy.

- 2.4 The Council further finds, determines and declares that the Plans conform to the general plan for the development or redevelopment of the City as a whole. The project reflects a number of key Minneapolis Plan policies related to fulfillment of affordable housing needs, and comprehensive plan policies related to community corridors. The project encompasses property that was listed on the National Register of Historic Places in 1980 and designated as a landmark by the City of Minneapolis in 1986. Any redevelopment activity on this site must respect the historic character of the site. Written comments of the Planning Commission with respect to the Plans were issued, are incorporated herein by reference, and are on file in the office of the City Clerk.
- 2.5 The Council further finds, determines and declares that the entire fiscal disparity contribution required of the City for development occurring within this district be taken from outside the TIF District. The election provided in the Minnesota Statutes Section 469.177, Subdivision 3, paragraph (a) is elected.
- 2.6 The Council further finds, determines and declares that the property to be included in the Project Area and TIF District meets the criteria of the Project Laws. The property consists of one parcel containing three separate structures. The structures were found to have numerous defects or deficiencies, as well as environmental concerns including asbestos and lead-containing materials. Fuel oil tanks and associated remote fill and distribution pipelines were removed in August 2002. Contaminated soils and groundwater were identified during a Phase II Environmental Site Assessment. In 2003, the MPCA Petroleum Remediation Program office issued a Site File Closure. The structures are in poor condition and do not meet Uniform Building, Energy and Minneapolis Housing Maintenance Codes and Ordinances. All free standing buildings are found structurally substandard due to a combination of building code defects that are of sufficient total significance to justify substantial renovation or clearance, and the buildings qualify as eligible under the statutory criteria and formula for inclusion in a redevelopment TIF district. The property shows signs of deficiencies in other categories such as lack of essential utilities, fire protection, contains asbestos and lead containing materials, and does not meet basic energy conservation code requirements. The buildings were found to be detrimental to the safety, health, morals or welfare of the community by reason of dilapidation, obsolescence, overcrowding, faulty arrangement or lack of ventilation. The estimated cost to bring these structures into compliance with the building codes exceeds 15% of the cost of constructing a new structure on the site with the same square footage and type. Documentation supporting these findings is on file in the office of the Development Finance Division, Crown Roller Mill, 105 5<sup>th</sup> Avenue South, Minneapolis, Minnesota and will be retained and made available until the district has been terminated.
- 2.7 The Council further finds, determines and declares that it is necessary and in the best interests of the City at this time to approve the Plans.
- 2.8 The Council hereby finds, determines and declares that the objectives and actions authorized by the Plans are consistent with the undertaking of a redevelopment Project Area and redevelopment TIF district, all pursuant to and in accordance with the Project Laws.

### **Section 3. Approval of the Plans; Creation of Project Area and TIF District**

- 3.1 Based upon the findings set forth in Section 2, the Plans reflecting the creation of a Redevelopment Project Area and Redevelopment TIF District presented to the Council on this date are hereby approved and shall be placed on file in the office of the City Clerk.

#### **Section 4. Implementation of the Plans**

- 4.1 The officers and staff of the City and the City's consultants and counsel, are authorized and directed to proceed with the implementation of the Plans, and for this purpose to negotiate, draft, prepare and present to this Council for its consideration, as appropriate, all further modifications, resolutions, documents and contracts necessary for this purpose.