



**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**

- A. Table of Contents
- B. Description of Project (Changed)
 - 1. Boundary of Redevelopment Project
Project Boundary Map
 - 2. Objectives of the Redevelopment Plan
 - 3. Types of Redevelopment Activities
- C. Land Use Plan (Changed)
 - 1. Land Use Map
 - a. Permitted Land Uses
 - b. Additional Regulations, Controls or Restrictions
- D. Project Proposals
 - 1. Land Acquisition
 - 2. Rehabilitation and Conservation
 - 3. Redevelopers' Obligations
 - 4. Underground Utility Lines
- E. Other Provisions Necessary to Meet State and Local Requirements
 - 1. Relocation
 - 2. Official Action to Carry Out Redevelopment Plan
- F. Procedures for Changes
- G. Redevelopment Plan
- H. Statement of Method Proposed for Financing (Changed)

Exhibits

Exhibit #1 Land Use Map

**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**

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

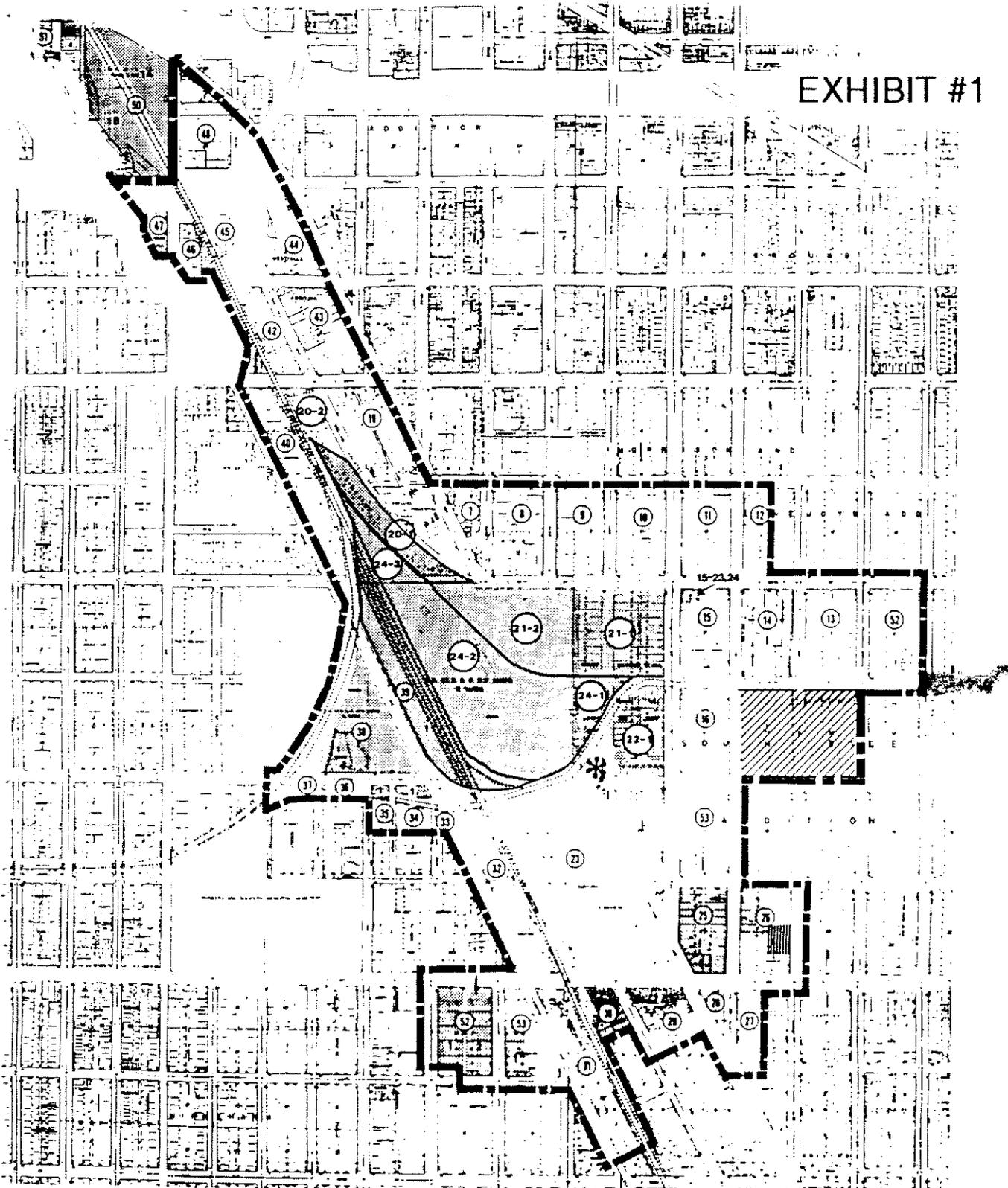
Sources	Up Front	Over Time
Developer Funds	\$ 910,000	---
Tax Increment	---	\$ 2,742,857
Other	---	0
Total Sources	\$ 910,000	\$ 2,742,857
Uses		
Affordable Housing Construction	\$ 910,000	---
Pay-As-You-Go Note Principal	---	\$ 910,000
Pay-As-You-Go Note Interest	---	1,010,000
Affordable Housing Outside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

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 1st Mortgage funds, NRP funds, Hennepin County
TOD Funds (approved by Hennepin County), Owners Equity, Family Housing Funds.

EXHIBIT #1

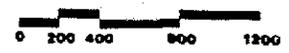
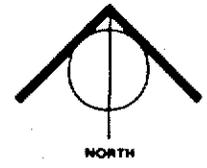


Modification No. 14 to the Seward South Urban Renewal Plan (Hlawatha Commons)
 Land Use Map
 NOVEMBER 12, 2004

Prepared by Development Finance Division, 105 5th 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	Changed
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	Changed

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	Changed
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**

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>Project/District</i>	<i>Plan/ Modification</i>	<i>Anticipated City Council Approval Date</i>	<i>Resolution Number</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:

Property Identification Number	Address
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.

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.

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:

<i>Property Identification Number</i>	<i>Address</i>
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.

