



**Washington Court Apartments
Tax Increment Finance Plan**

May 26, 2006; Revised June 2, 2006

Prepared by the Development Finance Division
Finance Department, City of Minneapolis
105 5th Avenue S., Minneapolis, Minnesota 55401

**Washington Court Apartments Tax Increment Finance Plan
May 26, 2006; Revised June 2, 2006**

TABLE OF CONTENTS

Introduction

- I. Tax Increment District Boundary
- II. Statement of Objectives
- III. Development Program
 - A. Description of Development Program
 - B. List of Property That May Be Acquired
 - C. Development Activity for Which Contracts Have Been Signed
 - D. Other Development Activity
- IV. Description of Financing
 - A. Project Costs
 - B. Bonded Indebtedness to be Incurred
 - C. Sources of Revenue
 - D. Original Net Tax Capacity
 - E. Estimated Captured Net Tax Capacity
 - F. Duration of District
 - G. Fiscal Disparities Election
 - H. Original Tax Capacity Rate
 - I. Permit Activity and Prior Planned Improvements
- V. Type of Tax Increment Finance District
- VI. Estimated Impact on Other Taxing Jurisdictions
- VII. Basis for Finding that Development Would Not Occur Without Tax Increment Financing Assistance

Exhibits

- 1 Tax Increment Finance District Boundary Map
- 2 Project Area Report and Documentation of Eligibility
- 3 Site Plan and Elevations

Washington Court Apartments Tax Increment Finance Plan

May 26, 2006; Revised June 2, 2006

Introduction

Two plan documents have been prepared that are related to a proposed 38-unit rental complex on vacant land located at 2101 Washington Street NE: the Washington Court Apartments Housing Development Plan, and this Washington Court Apartments Tax Increment Finance (“TIF”) Plan (the “Plans”).

The Washington Court Apartments Housing Development Plan establishes a new housing development project area encompassing the development site, establishes objectives for redevelopment, and identifies future land uses for the project area.

This plan document, the **Washington Court Apartments Tax Increment Finance Plan**, creates a new housing tax increment financing district within the housing development project area to finance the anticipated costs of public redevelopment activities, and establishes a project budget.

TAX INCREMENT FINANCE PLAN

I. Tax Increment District Boundary

This plan establishes a new housing TIF district to be designated as the Washington Court Apartments TIF District. The proposed TIF District is located in the Holland Neighborhood and Northeast Community in Ward 1 of Northeast Minneapolis. The TIF District includes one tax parcel located at 2101 Washington Street NE, within the boundary of the newly created Washington Court Apartments Housing Development Project Area. Adjacent and surrounding land uses are mixed and include a variety of commercial, industrial, older single-family homes and rental apartments. Washington Street NE forms the western border of the subject property.

The tax parcel included in the Washington Court Apartments TIF District is:

<i>Property Identification Number</i>	<i>Address</i>
11-029-24-43-0076	2101 Washington Street NE

A map showing the boundary of the proposed Washington Court Apartments TIF District has been attached as Exhibit 1 to this Plan. The Project Area Report, which documents the eligibility of this site for the establishment of a Housing TIF District, is attached as Exhibit 2 to this Plan.

II. Statement of Objectives

The objectives for this project are described in Section II. B. of the Washington Court Apartments Housing Development Plan. The City of Minneapolis seeks to achieve the following objectives through the Washington Court Apartments Housing Development Plan:

- 1) Alleviate a shortage of decent, safe and sanitary housing for persons of low or moderate income and their families.
- 2) Increase the number of housing units and choices within the city.
- 3) Remediate site contamination in accordance with state and federal regulations.
- 4) Support strong and diverse neighborhoods where people choose to live.

Public purposes of the Washington Court Apartments Housing Development Plan include:

- provision of decent, safe, and sanitary dwellings;
- provision of affordable housing units; and
- pollution remediation.

III. Development Program

A. Description of Development Program

The purpose of this plan is to authorize the use of tax increment revenue to pay for public redevelopment activity - site improvements, new construction and eligible administration costs.

MWF Properties, LLC is proposing to construct a 38-unit rental “workforce” family housing complex on vacant land located at 2101 Washington Street NE in the first ward in the Holland Neighborhood. The attached site plan was designed in accordance with the neighborhood’s desire to keep as much green space towards the front of the site as possible and will contain neighborhood and community spaces including a playground. The “L” shaped design was created to provide privacy and security while maximizing green space for the residents, allowing sufficient space for a children’s play area and garden plots in the southeastern corner of the site. The proposed apartment complex is a three-story, handicapped accessible, elevator building with underground parking. The development will include 40 underground and 16 surface parking stalls.

The development will include one-, two- and three-bedroom apartments to meet the demands for workforce family housing and will accommodate households of one to six persons. The proposed facility will also include a community room, fitness center, computer room and leasing office with

convenient entrances, ample surface and secure underground parking. The site is located within blocks of schools, libraries, day care centers, grocery and retail stores, drug stores, banks and public services along Lowry and Central Avenues. In addition, Washington Street NE is on a Metro Transit bus line with stops approximately one hundred feet of the site.

The demand for quality and affordable three-bedroom rental housing units in Minneapolis, particularly “workforce housing” has been fueled by the City’s significant population and household growth over the past decade. The expansive local economy has also seen significant growth, creating the need for more affordable “workforce housing”. The convenient location of this project, its proximity to nearby employers in Downtown Minneapolis and the University of Minnesota campus area along with the availability of nearby public transportation creates a linkage to a large number of job opportunities, recreation, education, and the arts for the workforce tenants.

Anticipated public redevelopment activities include pay-as-you-go tax increment financing to be used for site improvements and new construction. The developer has applied for Housing Revenue Bonds with automatic 4% Low Income Housing Tax Credits (LIHTC) and has a commitment to do a private placement with US Bank. A limited partnership (Washington Court Apartments Limited Partnership) has been created as the entity owning the development with the proposed property and project as the sole asset of this partnership.

Washington Court Apartments will have a total of 38 rental units. The unit composition and rent levels for the rental building are shown below.

Unit Composition	# of Units	Affordability Level
One bedroom	4	50% MMI
One bedroom	3	60% MMI
Two bedroom	4	50% MMI
Two bedroom	7	60% MMI
Three bedroom	20	60% MMI
Total units	38	

The 38-unit rental apartment building will have 7 one-bedroom units, 11 two-bedroom units, and 20 three-bedroom units, with the rents and affordability levels shown above. Since there will be 8 units at or below 50% of MMI¹, this project complies with the City Affordable Housing Policy, which requires at least 8 affordable units (i.e. 20% of 38). There will be 38 units affordable at or below 60% of area median income for a total of 38 low income units.

¹ Metropolitan Median Income

The site required a zoning change from R2B to R3 to accommodate this development. All land use applications were approved at the March 27, 2006 City Planning Commission. Rezoning was approved by the Zoning and Planning Committee on April 20, 2006 and by the Minneapolis City Council April 28, 2006.

B. List of Property That May Be Acquired

The developer, MWF Properties, LLC, acquired the site in November 2005 and submitted several applications to Metropolitan Council, DEED and Hennepin County and received approximately \$568,700 of environmental remediation funds for this site.

C. Development Activity for which Contracts Have Been Signed

As of the date of the preparation of this plan, the City of Minneapolis has not yet entered into any redevelopment contracts related to these activities. It is anticipated that a development agreement will be executed with MWF Properties, LLC, a Minnesota limited liability company, on behalf of Washington Court Limited Partnership. The project will be owned by Washington Court Limited Partnership, a recently formed Minnesota limited partnership. The sole general partner of the partnership is Washington Group, LLC, a Minnesota limited liability company.

D. Other Development Activity

No other future redevelopment activity has been identified at this time within the Washington Court Apartments Housing Development Project Area. Any activities or expenditures not identified in this plan, or consistent with the plan objectives and budget included herein, would require a modification of this plan, pursuant to Minnesota Statutes Section 469.175, Subdivision 4.

IV. Description of Financing

The purpose of this plan is to authorize the use of tax increment revenue to pay for public redevelopment activity – site improvements, new construction and eligible administrative costs of the project.

It is anticipated that public redevelopment costs will be financed in part with pay-as-you-go tax increment financing.

The figures, sources and methods of financing identified in this finance plan 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 this TIF Plan, or result in an increase in the project costs or bonded indebtedness of this project beyond the amounts listed herein, a modification to this plan might

be necessary. Such a modification would require the same approval process as the original approval of this TIF Plan.

A. Project Costs

Total up-front project costs for the Washington Court Apartments TIF District are estimated at \$300,000. These costs include site improvements and housing construction. Total estimated expenditures over time are estimated at \$785,000; which include Pay-As-You-Go Note Principal, Pay-As-You-Go Interest and Administration.

Washington Court Apartments TIF District Budget

Sources	Up Front	Over Time
Developer Funds	\$300,000	
Tax Increment		\$785,000
Total Sources	\$300,000	\$785,000
Uses		
Site Improvements	\$200,000	
Housing Construction	100,000	
Pay-As-You-Go Note Principal		\$300,000
Pay-As-You-Go Note Interest		406,500
Administration		78,500
Total Uses	\$300,000	\$785,000

B. Bonded Indebtedness to be Incurred

It is anticipated that public redevelopment costs will be financed through the City's issuance to the developer of a pay-as-you-go tax increment financing note. It is anticipated that housing revenue bonds will be issued by the City for the Washington Court Apartments project.

With pay-as-you-go tax increment financing, the developer finances eligible public redevelopment costs under contract with the City, in exchange for a note that pledges repayment of these costs, with interest, from the tax increment revenue generated by the project. This approach reduces the financing risks for the City, since the developer is only fully reimbursed if sufficient tax increment revenue is actually generated by the new development.

C. Sources of Revenue

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 Washington Court Apartments Project. The estimated total development cost of the rental project is \$8,088,223.

The developer has received conditional approval of their remediation action plan (RAP) for the site. In November 2005 the Developer submitted applications requesting remediation funding from Metropolitan Council, DEED and Hennepin County. Other sources of funding include Developer Equity, Housing Revenue Bonds, Syndication Proceeds, Hennepin County AHIF, and CPED AHTF funds.

The acquisition and construction of the project is to be funded through the issuance of up to \$4,200,000 in aggregate principal amount of housing revenue bonds to be issued by the City.

D. Original Net Tax Capacity

The current estimated market value of the tax parcels included in the TIF district is \$460,400. This will result in an original net tax capacity of approximately \$5,755, upon property reclassification.

E. Estimated Captured Net Tax Capacity at Completion

Upon completion of the development, it is anticipated that the estimated market value of taxable property in the District will increase from \$460,400 to approximately \$3,500,000. This represents an increase of \$3,039,600 and will result in a total net tax capacity of approximately \$26,250 and an estimated captured net tax capacity of \$20,495.

Based upon a total local tax rate of approximately 119.000%, this will generate an estimated annual gross tax increment payment of \$24,389, excluding the deduction for the State Auditor fee.

F. Duration of District

The Washington Court Apartments TIF District is a Housing TIF District. Tax increment can be paid to the City for up to twenty-six years of increment collection, or such period as is authorized by law and is necessary to complete financing of the eligible project costs.

G. Fiscal Disparities Election

It is the intent of the City of Minneapolis that the entire fiscal disparity contribution required of the City for development occurring within this district be taken from outside the Washington Court Apartments TIF District. The election provided in Minnesota Statutes Section 469.177, Subdivision 3, Paragraph (a) of the Minnesota Tax Increment Financing Act is elected.

H. Original Tax Capacity Rate

The Original Tax Capacity Rate for this district will be the local tax capacity rate for taxes payable (TP) 2007, which was not known at the time this TIF Plan was prepared. For tax increment projection purposes, a total tax rate of 119.00% has been used in the TIF Plan. For project and impact purposes (see Section VI), the tax rate for taxes payable in 2006 has been used.

I. Permit Activity and Prior Planned Improvements

The TIF District does not include any "prior planned improvements" as that term is described in Minnesota Statutes, Section 469.177, Subd. 4.

The letter requesting certification by Hennepin County of the TIF District will be accompanied by a list of all of the building permits issued for the property included in this TIF District during the eighteen months immediately preceding approval of this TIF Plan, as mandated by Minnesota Statutes, Section 469.175, Subdivision 3.

V. Type of Tax Increment Financing District

The proposed Washington Court Apartments TIF District is a "Housing District" as defined in Minnesota Statutes Section 469.174 Subdivision 11 and 469.1761:

Section 469.174 Subdivision 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.

Section 469.1761, Subdivision 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 section 462C.02, subdivision 9, clause (e).

Additional information about the eligibility of the project for inclusion in a housing TIF district can be found in the Project Area Report and Documentation of Eligibility, attached as Exhibit 2 to this Plan.

VI. Estimated Impact on Other Taxing Jurisdictions

It is the position of the City of Minneapolis that the redevelopment of the property included in this TIF District would not occur as proposed without the tax increment financing assistance to be provided.

Nevertheless, if it is assumed for the purpose of analysis that the proposed development described herein would occur without tax increment financing assistance and that the estimated captured tax capacity generated by the development would under those circumstances be immediately available to the taxing jurisdictions, then the estimated annual impact on the taxing jurisdictions would be as follows:

Taxing Jurisdictions	Tax Capacity Rate Payable 2006	Property Tax Revenues Resulting from \$20,495 Captured Tax Capacity
City of Minneapolis	58.433%	\$11,976
Hennepin County	36.394%	7,459
Special School District #1	25.574%	5,241
Other Taxing Jurisdiction	7.579%	1,553
Total	127.980%	\$26,229

Fiscal calculations contained in this Plan are based upon the current property tax formulas and property values, and an estimate of the likely assessed market value of the proposed new development. This was the best information available at the time that this plan was prepared.

Fiscal and Economic Implications of Proposed TIF District

The estimated amount of total tax increment that would be generated over the life of the district is \$784,767.

A description of the probable impact of the district on city-provided services such as police and fire protection, public infrastructure, and borrowing costs attributable to the district is projected to be minor due to the small size of the project.

The estimated amount of tax increment generated over the life of the district that would be attributable to school district levies, assuming the school district's share (19.98%) of the total local tax rate for all taxing jurisdictions remained the same is \$156,796.

The estimated amount of tax increment generated over the life of the district that would be attributable to county levies, assuming the county's share (28.44%) of the total local tax rate for all taxing jurisdictions remained the same is \$223,188.

As of the date of this TIF Plan, neither the County or 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.

VII. Basis for Finding that Development Would Not Occur Without Tax Increment Financing Assistance

Minnesota Statutes, Section 469.175, Subdivision 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 redevelopment of the property included in the TIF District could not occur without public participation and financial assistance. This conclusion is based upon the following factors.

Affordable rents are not sufficient to amortize the entire cost of this development. The proposed project meets the needs for provision of affordable rental housing, and environmental remediation. The project is consistent with development objectives set forth in the Minneapolis Tax Increment Policy in that it will expand the City's tax base, provide for new and unique affordable housing that is consistent with the desire of the neighborhood leadership, will be developed on an otherwise vacant and currently contaminated site, and will create one full-time and two part-time jobs. The proposed development will address an underutilized site located directly on a major transit bus line with stops approximately one hundred feet of the site. The developer plans to maintain on the 1.68-acre site a children's playground, community garden spaces, and ample green space. The developer believes the amount of tax increment financing requested is reasonable when compared to the basic infrastructure and environmental expenses for the project, and believes that they have explored all other options to secure financing for these costs prior to making the request for tax increment financing from the City.

Without tax increment financing, the project cannot proceed as a result of a gap due to the affordability of the rental units and the cleanup costs. Since there will be 8 units at or below 50% of MMI, this project complies with the City Affordable Housing Policy, which requires at least 8 affordable units (i.e. 20% of 38).

The Unified Housing Policy adopted by the City recognizes the serious shortage of affordable housing in Minneapolis and puts forth the goal to "grow the population and to have no net loss of housing across all income levels". The Unified Housing Policy also states the City will focus on linking incentives to housing opportunities in proximity to jobs and transit. Development of the project will benefit residents by providing more housing choices as the affordable housing component will provide new quality housing to low to moderate income residents at a location with access to employment opportunities, public facilities, and

transportation. The site is ideally located near jobs, public transportation and existing services, and is within walking distance of schools, parks, and businesses.

The City has a specific goal to increase affordable rental housing production in non-impacted areas. The Washington Court Apartments site is located in a non-impacted area and will provide housing across income levels. As the financial tools to support affordable rental development projects become more limited, the ability to recapture the value of the tax increment to capitalize the development is necessary to make this project a reality. Without the tax increment financing, the project would be abandoned, as it is not possible to replace the revenue from the tax increment with any other available and attainable resource. Other financial assistance is necessary because this public assistance pays for the costs of development and allows rents to be affordable to low and moderate income individuals. Without this assistance, the rents would be unaffordable and unrealistic in the market. All of the identified public financing sources are necessary to fill the financing gap for this project as without these sources, the project would not be able to go forward.

A potential tax increment financing district site must also pass a "market value" test in order to make a finding that development could not occur without tax increment assistance. The calculations necessary to pass this test are contained on the following page of this plan. As shown there, the public redevelopment activity, expenditures, and market values associated with the development that is proposed in this plan results in a series of calculations and figures that clearly pass the market value test.

It is the position of the City of Minneapolis that the private redevelopment of the property included in the Washington Court Apartments TIF District could not occur without public participation and financial assistance within the foreseeable future.

Washington Court Apartments TIF District

Valuation and Tax Increment Assumptions

	Pay 2008	Pay 2009
Total Estimated Market Value (EMV)	\$1,750,000	\$3,500,000
Less: Original EMV	460,400	460,400
Captured EMV	\$1,289,600	\$3,039,600
Total Net Tax Capacity (NTC)	\$21,875	\$26,250
Less: Original NTC	5,755	5,755
Captured NTC	\$16,120	\$20,495
Times: Projected Total Tax Rate	122.000%	119.000%
Gross Tax Increment	\$19,666	\$24,389
Less: State Auditor's Fee (.36%)	71	88
Tax Increment Distributed to City	\$19,595	\$24,301

26 Years of TI Collection

Years of TIF Collection	Payable Year	Tax Increment Distributed To City
---	2006	\$0
---	2007	0
1	2008	19,595
2	2009	24,301
3	2010	24,769
4	2011	25,243
5	2012	25,724
6	2013	26,212
7	2014	26,709
8	2015	27,211
9	2016	27,722
10	2017	28,240
11	2018	28,767
12	2019	29,300
13	2020	29,842
14	2021	30,392
15	2022	30,951
16	2023	31,517
17	2024	32,093
18	2025	32,676
19	2026	33,269
20	2027	33,870
21	2028	34,480
22	2029	35,101
23	2030	35,729
24	2031	36,367
25	2032	37,014
26	2033	37,673
		\$784,767
P.V. @	5.00%	\$391,567

Market Value Test

Analysis Required by M.S. Section 469.175, Subd. 3 (2)

(1) "... the increased market value of the site that could reasonably be expected to occur without the use of tax increment ...":

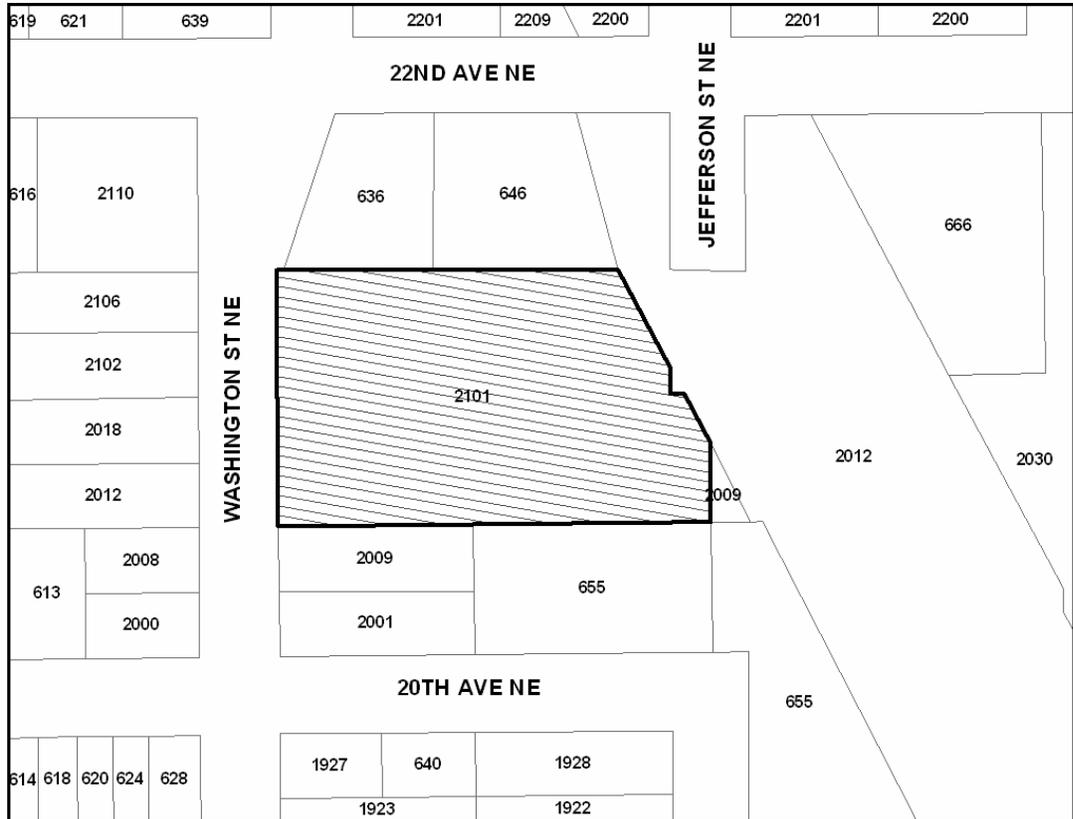
(a) Projected estimated market value without the use of tax increment	\$460,400
(b) Original estimated market value	460,400
(c) Increased estimated market value without the use of tax increment = (a) - (b)	\$0

(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.	\$3,039,600
(e) Present value of the projected tax increment for the maximum duration of the district	391,567
(f) Difference = (d) - (e)	\$2,648,033

(3) Since (c) is less than (f), the proposed development or redevelopment passes the test.

Exhibit 1



Washington Court Apartments Tax Increment Finance Plan

Boundary Map May 26, 2006



**Tax Increment Finance
District Boundary**



PROJECT AREA REPORT AND DOCUMENTATION OF ELIGIBILITY

Washington Court Apartments Tax Increment Finance Plan

May 26, 2006; Revised June 2, 2006

The purpose of this Project Area Report and Documentation of Eligibility is to describe the conditions that qualify the project for inclusion in a housing tax increment finance (TIF) district. Eligibility of the site for inclusion in a housing development project area is described in Exhibit 2 of the Washington Court Apartments Housing Development Plan.

The proposed TIF District is located within the Washington Court Apartments Housing Development Project, under provisions of Minnesota Statutes, §469.002, Subdivision 15, §469.017, §469.174, Subdivision 11, and §469.1761.

Description of the Site The site of the proposed development is located in the Holland Neighborhood and Northeast Community in Ward 1 of Northeast Minneapolis and is a 1.68-acre vacant site. The terrain is relatively flat and is covered by young trees and short grasses. The vacant site is underutilized and a deleterious land use in this otherwise fully developed area.

Adjacent and surrounding land uses are mixed and include a variety of commercial, industrial, older single-family homes and rental apartments. Most of the single-family homes in this neighborhood are modest in character, but well-maintained, while a few show signs of deferred maintenance. Most recently, the entire northeast section of the city has experienced rapid appreciation in home values and several neighborhoods within the Northeast area are experiencing increased turnover. While Washington Street NE forms the western border of the subject property, railroad tracks make up the site's eastern border. Although the railroad tracks are heavily used with over 70 trains per day (1 train every 15-20 minutes), there are no "at grade" crossings within one mile of the site, so the negative impact of train whistles will be minimal. Immediately south of the site is a storage yard and single-story building. The storage yard is encircled by a seven-foot chain link fence with barbed wire, and contains a mixture of assorted construction materials and vehicles. Vegetation covers much of the fencing bordering the site.

Phase I and Phase II environmental studies have been completed for the site. The Phase II report determined the site has a multitude of problems, yet the study was unable to determine the full extent of the pollution. Additional Investigation Report prepared by DPRA Incorporated in September 2002 and Additional Subsurface Investigation prepared by DPRA Incorporated in November 2003 were prepared. The geotechnical soils are peat indicating the site was originally a swamp that was later filled

with a manufacturing waste material and other undesirable materials.¹ Grant funds from Hennepin County's Environmental Response Fund (ERF) were granted to complete additional environmental testing. In October 2005, the developer received conditional approval for their Remediation Action Plan (RAP). The reports revealed that the property is currently covered with fill material that has both lead and polycyclic aromatic hydrocarbon contamination levels that exceed legal limits under applicable environmental laws. In November MWF Properties acquired the site and submitted several applications to Metropolitan Council, DEED, and Hennepin County and received environmental remediation funds for this site.

The TIF District includes one (1) tax parcel located at 2101 Washington Street NE, within the boundary of the Washington Court Apartments Housing Development Project Area, which is a housing development project as defined in the Minnesota Housing and Redevelopment Authorities Act (Minnesota Statutes, §469.002, Subdivision 15).

Tax Increment Finance District Eligibility The Washington Court Apartments TIF District is to be a housing TIF district as defined in the Minnesota Statutes, §469.174, Subdivision 11, and §469.1761 which states:

"Housing district" means a type of tax increment financing district which consists of a project, or a portion of a project, intended for occupancy, in part, by persons or families of low and moderate income, as defined in chapter 462A, Title II of the National Housing Act of 1934, the National Housing Act of 1959, the United States Housing Act of 1937, as amended, Title V of the Housing Act of 1949, as amended, any other similar present or future federal, state, or municipal legislation, or the regulations promulgated under any of those acts and that satisfies the requirements of section 469.1761.

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 uses².

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

- 1) Does the project comply with the income restrictions for rental housing projects identified in Minnesota Statutes, §469.1761, Subdivision 3?

¹ The previous owner of the property, St. John's Lutheran Church, enrolled the property in the Minnesota Pollution Control Agency Voluntary Investigation and Cleanup Program. The developer re-enrolled the property in the program in 2005 in anticipation of acquiring the property.

² Minnesota Statutes, 84th Legislative Session (2005-2006)

- 2) Does the square footage of the buildings that receive assistance from tax increments consist of no more than 20% of commercial, retail, or other nonresidential uses in the district?

Income Restrictions^{3, 4} Moderate-income housing is defined as housing affordable to families with incomes between 80 percent and 120 percent of the metropolitan median family income. Low-income housing is defined as housing affordable to families with incomes below 80 percent of the metropolitan median (MMI) family income.

The proposed rental project must satisfy the income requirements for a Housing Tax Increment Finance District as stated in the Minnesota Tax Increment Act (Minnesota Statutes, §469.1761, Subdivision 3). Subdivision 3 states that rental housing must meet one of the following tests in order to qualify as a Housing Tax Increment District:

1. At least 20 percent (8) of the units must be occupied by individuals whose income is 50 percent or less of the Metropolitan area median gross income (8 of 38 units are restricted to occupants whose income is at or below 50% of AMI); or
2. At least 40 percent (15) of the units must be occupied by individuals whose income is 60 percent or less of the area median gross income (30 units are restricted to occupants whose income is at or below 60% of AMI).

The proposed project meets both of the income requirements for a Housing TIF District. Eight units will be occupied by individuals whose income 50% percent or less of the area median gross income, and the remaining 30 units will be occupied by households whose income is 60% or less of the area median gross income. Income guidelines will be monitored for the life of the district, as the requirements of this subdivision apply for the duration of the tax increment financing district. All 38 units are restricted to occupants whose income is at or below 60% of MMI.

Square Footage Test The project consists entirely of rental units and related parking.

Eligibility Findings The proposed project qualifies as a Housing Tax Increment Financing District under Minnesota Statutes.

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

Minneapolis Housing Policy In 2002, modifications were made to the City's Comprehensive Plan ("The Minneapolis Plan") that strengthened its commitment to policies of housing growth and to increasing the supply of affordable housing. The

³ The Federal Median Income for Minneapolis/St. Paul is \$76,400

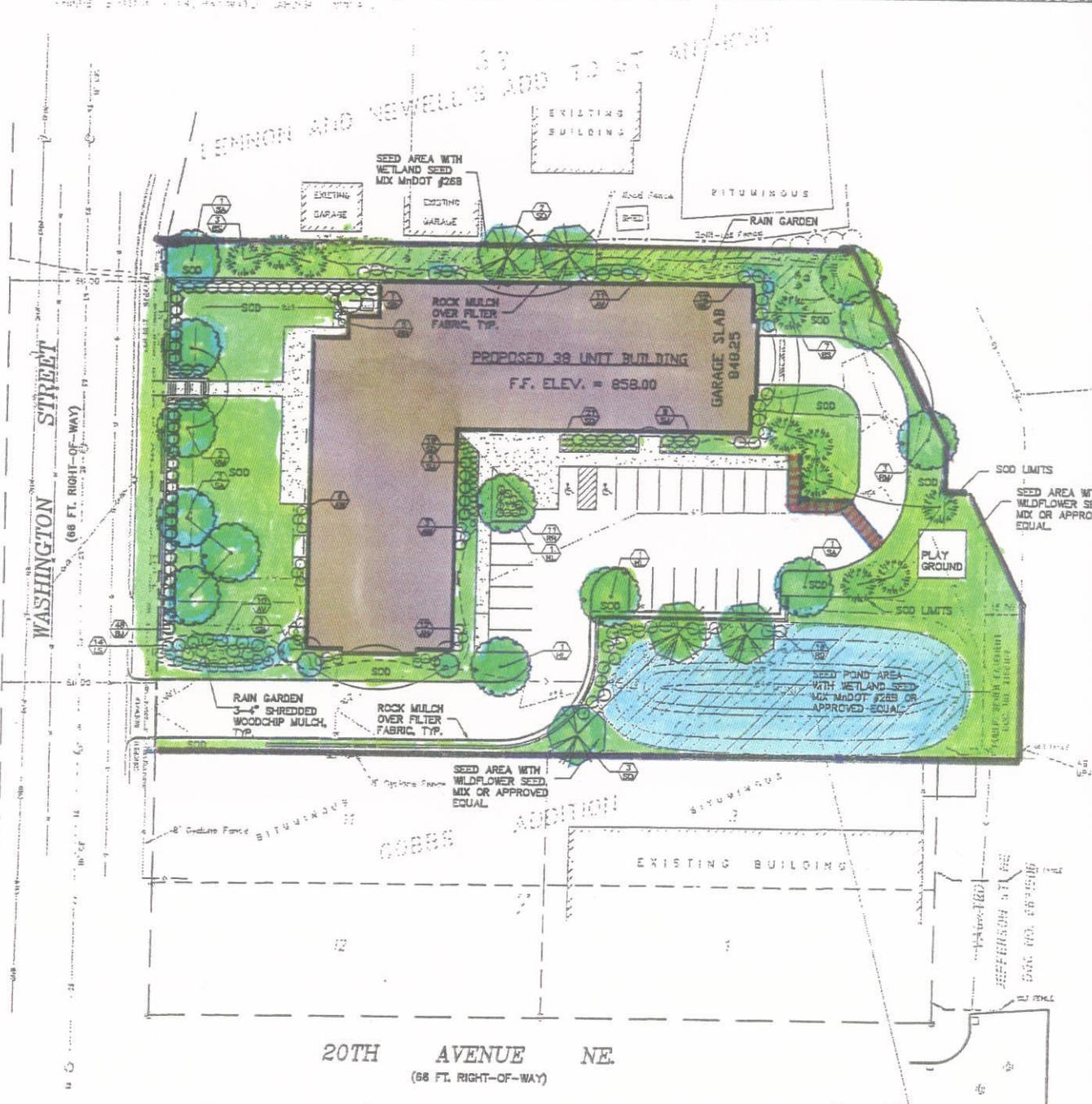
⁴ The Tax Credit income limit is \$78,500 (AMI)

principal goals of city housing policy⁵ are to improve choices, both for households with constrained choice and for households with many choices. The Zoning Code was also amended to allow developers of affordable housing to construct more housing units than would otherwise be allowed in instances where a proposed development includes affordable housing units. This Policy shall be consistent with The Minneapolis Plan, goals 4.9.1 through 4.19.

The Washington Court Apartments project is consistent with the following policy statements:

- 4.9 Minneapolis will grow by increasing its supply of housing.
- 4.10 Minneapolis will increase its housing that is affordable to low and moderate income households.
- 4.11 Minneapolis will improve the availability of housing options for its residents.
- 4.12 Minneapolis will reasonably accommodate the housing needs of all of its citizens.

⁵ Council action on June 18, 2004 adopted a Unified City of Minneapolis Housing Policy.



SEED PLANTING NOTES:

GENERAL CONTRACTOR TO SEED AND STRAW MULCH AREAS SHOWN AT THE FOLLOWING RATES:
NATIVE GRASS AREAS:
 MnDOT # 30A SEED MIXTURE DESIGNATIONS - 80 LBS PER ACRE.
POND SETBACK AREAS:
 MnDOT # 268 SEED MIXTURE DESIGNATIONS - 30 LBS PER ACRE.

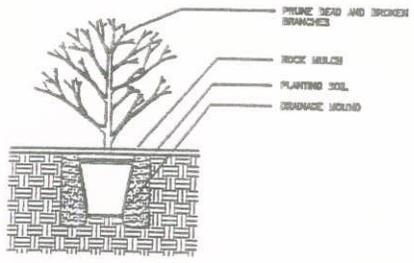
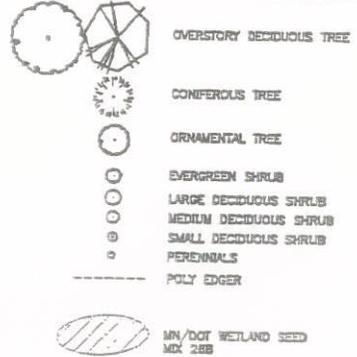
SEEDING SHALL BE APPLIED FROM APRIL 15 - JULY 20 OR SEPTEMBER 20 - FREEZE UP

MULCH SEEDER AREAS AT THE RATE OF 2 TONS PER ACRE. MULCH WITHIN 48 HOURS OF SEEDING.

MAINTAIN SEEDER AREAS BY WATERING, RESEEDING AND REPLANTING AS NECESSARY TO ESTABLISH A UNIFORMLY DENSE STAND OF THE SPECIFIED GRASSES UNTIL ACCEPTED.

ANY AREAS FAILING TO ESTABLISH A STAND SHALL BE RESEEDING, REPERIALIZED AND REMULCHED WHENEVER 70% VEGETATIVE COVER IS NOT ACHIEVED. RESEEDING SHALL CONFORM IN ALL RESPECTS TO THESE SPECIFICATIONS. THE CONTRACTOR SHALL REPAIR ANY DAMAGE TO THE WORK AREAS RESULTING FROM EXCISION AND/OR EQUIPMENT. THE CONTRACTOR SHALL REPAIR DAMAGE, INCLUDING REGRADING, RESEEDING, ETC. AS NECESSARY, BEFORE SIGNIFICANT DAMAGE OCCURS.

LANDSCAPE LEGEND:



SHRUB PLANTING DETAIL
NOT TO SCALE

POUND
 NWL 349.0
 100YR HWL 849.5
 DEAD STORAGE 5,206 CF

LANDSCAPE PLAN



Wilkus Architects, Inc
 11487 Valley View Road
 Eden Prairie, Mn 55344
 p. 952-941-8660
 f. 952-941-2755
 info@wilkusarch.com
 www.wilkusarch.com



MWF
 PROPERTIES
 WASHINGTON COURT
 APARTMENT COMPLEX



1
A7.0

WEST ELEVATION

1/8" = 1'-0"



2
A7.0

SOUTH ELEVATION

1/8" = 1'-0"

I HEREBY CERTIFY THAT THIS PLAN, SPECIFICATION, OR REPORT WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND THAT I AM A DULY LICENSED ARCHITECT UNDER THE LAWS OF THE STATE OF MINNESOTA.

Name: _____
 Registration No. 18380
 Date: 5-31-08

PROJECT NO.: MWF3002-05
 DRAWN BY: K. SALMON/J. LEDWEX
 CHECKED BY: C. GUERRERA

ISSUE: _____ DATE: _____
 PERMIT: _____ 5-24-08

REVISION: _____ DATE: _____

PROJECT LOCATION:
 MINNEAPOLIS, MINNESOTA

SHEET NUMBER / TITLE
A7.0
 EXTERIOR ELEVATIONS

