



**St. Anthony Mills Apartments (SAMA)  
Tax Increment Finance Plan**

**June 24, 2005; Revised August 3, 2005**

Prepared by the Development Finance Division  
Crown Roller Mill, 105 5<sup>th</sup> Avenue S., Minneapolis, Minnesota 55401

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<sup>1</sup> Revised to coincide with legislative changes, Minnesota 84<sup>th</sup> Legislative Session (2005-2006)

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### ***Introduction***

Three plan documents - Modification No. 20 to the Industry Square Redevelopment Plan, Modification No. 105 to the Common Development and Redevelopment and Common Tax Increment Finance (TIF) Plan (the "Common Project") and this St. Anthony Mills Apartments (SAMA) Tax Increment Finance Plan (the "Plans") - have been prepared by the City to authorize public redevelopment activity necessary to assist with a mixed-income mixed-use affordable rental housing project that has been proposed in the Riverfront area of downtown Minneapolis in the Historic Mills District on a block known as Parcel D.

Modification No. 20 to the Industry Square Redevelopment Plan authorizes the creation of a new TIF district as a tool for carrying out the redevelopment activities described therein. Because the Industry Square Redevelopment Project Area is within the boundary of the Common Project, Modification No. 105 to the Common Plan has also been prepared to reflect the authorization to pursue these redevelopment activities within a project that has been incorporated within the Common Project Area. However, the new TIF district is not being incorporated into the Common Project and will not be subject to the existing Common Project obligations and commitments, and is being created as a free-standing tax increment district.

This TIF Plan provides for the establishment of a new TIF district: the St. Anthony Mills Apartments (SAMA) TIF District. The TIF Plan authorizes public redevelopment activities and expenditures, and establishes a new housing TIF district and budget for expenditures within the boundaries of the Industry Square Project Area (the "Project Area"). Tax increment will be used to pay for a portion of the public redevelopment and administrative costs associated with the TIF District.

### ***Background***

The development of Parcel D began several years ago with the approval of the development concept by the City Council. The overall project has been designed to be consistent with City goals and the existing Mills District Master Plan as amended. Every project undertaken in the Mill Quarter Area has been the product of intense partnering and commitment by all involved parties. City participation in the parking ramp and new streets, private capital for market rate homeownership, and a public/private partnership providing for affordable rental apartments is being utilized in this project. The proposed St. Anthony Mills Apartments project is part of the redevelopment of the historic Minneapolis riverfront and will be located on the eastern portion of Parcel D East, which was once a large, bituminous parking lot located on former railroad property.

## TAX INCREMENT FINANCE PLAN

### I. Tax Increment District Boundary

The proposed TIF District is located in the Downtown East neighborhood in Ward 2 of downtown riverfront Minneapolis, and includes tax parcel(s) located at Chicago and Washington Avenues South within the boundary of the Industry Square Redevelopment Project Area. The tax parcel(s) included in the St. Anthony Mills Apartments (SAMA) TIF District are:

#### ***Property Identification Numbers (Pending)***

#### ***Legal Description***

Outlot D, Block 1, Lots 3 and 4, The New Mills District Second Addition.

A map showing the boundary of the proposed TIF District is included as Exhibit #1 to this Plan. The Project Area Report and Eligibility Documentation provides a more detailed description of the existing property conditions and documents the eligibility of this site for the establishment of a Housing TIF District (see Section VI of this Plan).

### II. Statement of Objectives

The Historic Mills District Master Plan, adopted by the Minneapolis City Council on June 25, 1999 acts as a guide for the redevelopment of property within the Industry Square Project Area. This Master Plan and Updated Plan defines and provides guidance for permitted land use. It is the goal of the Historic Mills District Master Plan to increase substantially the residential uses, the commercial uses, street system additions, and recreational and cultural uses to support the newly created neighborhood. The new TIF District is located within the boundary of the Historic Mills District.

The property is located in the historic Minneapolis riverfront area. The developer has been working closely with the State Historical Preservation Office (SHPO) and the Minneapolis Heritage Preservation Commission (HPC) staff to ensure that the project meets the historic design and requirements of this historic area. The Affordable Housing Trust Fund (AHTF) federal HOME funds require HUD's approval that the project meets Section 106 requirements. To accomplish this the City is being requested to enter into a Memorandum of Understanding (MOU) with SHPO and HUD, outlining the required action steps which will include a historical archaeological study of the site by an archaeologist during excavation.

### III. Development Program

#### A. Description of Development Program

The St. Anthony Mills Apartments is a new construction, five-story structure that will consist of 93 rental units, 85 of which will provide affordable housing targeted to downtown workers and those dependent on public transportation. The project creates affordable housing in a moderately affluent community and will act to conceal the presence of a publicly owned parking facility located in the center of the block. The 324-stall public parking ramp currently under construction is scheduled for completion in July 2005, and will fulfill contractual commitments to the Mill City Museum and the Stone Arch Office Building. The Mill Quarter Municipal Ramp will be surrounded on three sides by the SAMA project. In September 2004, the Council approved selling the western portion of Parcel D East to Brighton Development Corporation for the construction of ownership condominium units (Park Avenue East Lofts).

The unit mix will offer 15 efficiencies, 62 one-bedroom units and 16 two-bedroom units. Pending Section 8 Project Based voucher availability, 17 (18%) of the units will be targeted to households whose incomes are below 30% of the Area Median Income (AMI). Thirty-one (33%) of the units will target households at or below 50% of AMI. Thirty-seven units (40%) will serve those with incomes at or below 60% of AMI. The remaining 8 units (9%) will be considered market rate and will be under long-term lease to the Guthrie Theater for their artists in residence. The project includes approximately 5,500 square feet of ground floor commercial space, in two small commercial nodes – one on the corner of Chicago and Washington Avenue and one on the corner of Chicago and Second Street.

St. Anthony Mills Apartments will be built as liner on three sides of a municipal parking ramp that will serve downtown visitors and the Mill City Museum. Parking for St. Anthony Mills Apartments residents will be provided in the adjacent parking ramp. The project is within easy walking distance of two LRT stations and bus service is available outside the door of the project.

The objectives of the redevelopment plan will be accomplished through the following public and private redevelopment activities: acquisition, new construction of housing units, public improvements, project administration and other related activities.

The purpose of this plan is to authorize the use of tax increment revenue to pay for a portion of the eligible costs of public redevelopment activity which may include acquisition, new construction, public improvements, project administration, and other eligible TIF costs.

		Rental Units						
Unit Composition	Unit	# of Units	Unit Affordability	Unit	<30 %	<50%	<60%	Mkt
	0 BR	15		0 BR	0	15	0	0
	1 BR	62		1 BR	17	16	21	8
	2 BR	16		2 BR	0	0	16	0
	3 BR	0		3 BR	0	0	0	0
	4+ BR	0		4+ BR	0	0	0	0
	Total	93		Total	17	31	37	8

Since 48 units are at or below 50% of Metropolitan Median Income (MMI), the project complies with the City Affordable Housing Policy, which would require at least 19 affordable units (i.e. 20% of 93 units).

**B. List of Property That May Be Acquired**

The SAMA site is currently owned by the City of Minneapolis. The St. Anthony Mills Apartments will be owned by a Limited Partnership, BD St. Anthony Mills LP. The General Partner will be Brighton Development Corporation or a wholly owned LLC of Brighton Development Corporation. The Limited Partner has yet to be determined.

**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 contracts related to these activities. It is anticipated that a redevelopment contract will be executed with BD St. Anthony Mills LP/Brighton Development Corporation or a wholly owned LLC of Brighton Development Corporation or an affiliated entity.

**D. Other Development Activity**

No other future redevelopment activity has been identified at this time. 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 TIF Plan is to authorize public redevelopment activities and expenditures to assist with the new construction of the rental housing project. It is anticipated that public redevelopment costs will be financed in part with pay-as-you-go tax increment financing that would be part of a housing revenue bond issuance.

The figures, sources and methods of financing identified in this preliminary 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

The total development cost of the SAMA project is currently projected to be approximately \$15,475,000. Sources of upfront funding include Housing Revenue Bonds, Low Income Housing Tax Credit Equity, State and Local Grants, and tax increment financing. Tax increment financing assistance to the project will be provided by the City through the issuance of a pay-as-you-go TIF note in an amount up to, but not exceeding, \$1,300,000.

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, out of 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.

A detailed TIF budget for the TIF District is shown below.

**St. Anthony Mills Apartments (SAMA)  
Tax Increment Financing Budget**

<b>Sources</b>	<u>Up Front</u>	<u>Over Time</u>
Developer Funds	\$ 1,300,000	---
Tax Increment	---	\$ 3,100,000
<b>Total Sources</b>	<u>\$ 1,300,000</u>	<u>\$ 3,100,000</u>
 <b>Uses</b>		
Housing Construction	\$ 1,300,000	---
Pay-As-You-Go Note Principal	---	\$1,300,000
Pay-As-You-Go Note Interest	---	1,490,000
City Administration	---	310,000
<b>Total Uses</b>	<u>\$ 1,300,000</u>	<u>\$ 3,100,000</u>

B. Bonded Indebtedness to be Incurred

While it is anticipated that tax-exempt multifamily housing revenue bonds will be issued by the City for the St. Anthony Mills Apartments (SAMA) project, it is currently not anticipated that any tax increment financing bonds will be issued for the project

C. Sources of Revenue

Tax increment generated by the TIF District will be one source of public funds used to pay a portion of the public redevelopment costs associated with the St. Anthony Mills Apartments (SAMA) Project. These public redevelopment activities are necessary to facilitate the provision of affordable rental units. The new development will require a higher level of public financial assistance because it is a lower density affordable rental project. To date, the City Council has approved up to \$1,000,000 of Affordable Housing Trust Fund money for the development of the SAMA project; the source will be the federal HOME funds. The Council has also approved up to \$400,000 NRP Affordable Housing Reserve Fund money for the project. Brighton Development Corporation has secured the following development funds: Housing Revenue Bonds, MHFA, Hennepin County AHIF, CPED AHTF, NRP, Hennepin County TOD, Met Council TBRA, and other sources not yet identified.

D. Original Net Tax Capacity

It is currently projected that the Estimated Market Value (EMV) of taxable property in the TIF District, once it is sold to the developer and becomes taxable, will be approximately \$800,000. The Original Net Tax Capacity of the TIF District is therefore projected to be approximately \$10,000.

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 \$800,000 to approximately \$7,250,000. This represents an increase of \$6,450,000; and will generate a total net tax capacity of approximately \$90,625, and an estimated captured net tax capacity of \$80,625.

F. Duration of District

The St. Anthony Mills Apartments (SAMA) TIF District is a Housing Tax Increment Financing 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 St. Anthony Mills Apartments (SAMA) 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

It is anticipated that the Original Tax Capacity Rate for this district will be the local tax capacity rate for taxes payable (TP) 2006. For tax increment projection purposes, a tax rate of 124.000% has been used. For impact purposes (see Section VII), the tax rate for taxes payable in 2005 (136.416%) 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, Subd. 3.

### V. Type of Tax Increment Financing District

The proposed St. Anthony Mills Apartments (SAMA) TIF District is a housing district pursuant to Minnesota Statutes 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. Additional information about the eligibility of this area for inclusion within a housing TIF district can be found in Section VI.

### VI. Project Area Report and Eligibility Documentation

**Description of the Site** The site of the proposed development is located on the eastern portion of Parcel D East, once a large, bituminous parking lot located on former railroad property within the Industry Square Redevelopment Project Area.

Parcel D East is located between Park Avenue and Chicago Avenue and between Washington Avenue and Second Street S. The City is currently constructing a 324-space Municipal Ramp in the middle of this block and it will be surrounded on three sides by the SAMA project. The SAMA project will be located on the northwest corner of Washington Avenue and Chicago Avenue and is currently owned by the City of Minneapolis.

The SAMA TIF District is located within the Industry Square Redevelopment Project Area which is a redevelopment project as defined in the Minnesota Housing and Redevelopment Authorities Act (Minnesota statutes, Section 469.002, Subdivision 14 and 16). According to Subdivision 14, Paragraph 1, redevelopment projects are established "for the purpose of removing, preventing, or reducing blight, blighting factors, or the causes of blight." The redevelopment project area therefore must be found to be a blighted area, which is defined in Section 469.002, Subd. 11 of the Act as:

"...any area with buildings or improvements which, by reason of dilapidation, obsolescence, overcrowding, faulty arrangement or design, lack of ventilation, light, and sanitary facilities, excessive land coverage, deleterious land use, or obsolete layout, or any combination of thee or other factors, are detrimental to the safety, health, morals, or welfare of the community."

The deterioration of vacant parcels undermines the value of adjacent property. Vacant parcels may constitute a repository for debris, fire hazard, and may attract vagrants and criminal elements of the population. Vacant space is not only an uneconomic use of inner city real estate, but is considered a blighting condition.

***Tax Increment Finance District Eligibility*** The SAMA TIF District is to be a housing TIF district as defined in the Minnesota Statutes, Section 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 uses<sup>2</sup>.

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 SAMA Project.

- 1) Does the project comply with the income restrictions for rental housing projects identified in Minnesota Statutes, Section 469.1761, Subdivision 3?
- 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**<sup>3, 4</sup> 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, Section 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 (19) of the units must be occupied by individuals whose income is 50 percent or less of the Metropolitan area median gross income (48 of 93 units are available at or below 50%); or
2. At least 40 percent (37) of the units must be occupied by individuals whose income is 60 percent or less of the area median gross income (85 units are available at or below 60%).

**The proposed project meets both of the income requirements for a Housing TIF District.** Seventeen units will be occupied by individuals whose income is 30 percent 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. The proposed TIF district includes new construction of 93 units, 85 of which will be affordable to individuals and families earning at or below 60% MMI. Seventeen of the 93 rental units will have project-based Section 8 assistance affordable at or below 30% of MII, and 8

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<sup>2</sup> Minnesota Statutes, 84<sup>th</sup> Legislative Session (2005-2006)

<sup>3</sup> The FY2005 Median Family Income Metro Area, State of Minnesota is \$77,000 as estimated by HUD

<sup>4</sup> The MMI for Tax Credit Income Limits for 2005 is \$77,000 effective date 2/11/05

units will be market rate units. Since there will be 85 units at or below 60% of MMI, the project complies with the City Unified Housing Policy, which would require at least 19 units (20% of the total) of 93 units.

**Square Footage Test** In addition to the rental apartments, the project will include about 5,500 sq. ft. of commercial space on the main level. According to Minnesota Statutes, Section 469.174, Subdivision 11, and Section 469.1761, in order to establish a housing TIF district, no more than 20% of the square footage of buildings that receive assistance from tax increments may consist of commercial, retail, or other nonresidential uses.

It has been projected that the gross square footage of the SAMA building will be 99,644 total square feet of which 5,110 square feet will be commercial space. This means that approximately 5.1% of the total square footage of the complete development is attributable to the commercial space in the project.

**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 5<sup>th</sup> 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 principal goals of city housing policy 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. Previously city housing policy was contained in a number of documents which were approved at various times for specific reasons. Council action on June 18, 2004 adopted a Unified City of Minneapolis Housing Policy. This Policy shall be consistent with The Minneapolis Plan, goals 4.9.1 through 4.19.

The SAMA 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.

- 4.16 Minneapolis will work closely with NRP planning and implementation to ensure that NRP plans are consistent with the City's Housing Policy.

**VII. 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 2005	Property Tax Revenues Resulting from \$80,625 Captured Tax Capacity
City of Minneapolis	61.932%	\$49,933
Hennepin County	39.136	31,553
Special School District #1	26.810	21,615
Other Taxing Jurisdictions	<u>8.538</u>	<u>6,884</u>
<b>Total</b>	<b>136.416%</b>	<b>\$109,985</b>

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. The assumptions utilized for this analysis are shown on the schedules presented in this plan document for the Market Value test. This was the best information available at the time that this plan was prepared.

**VIII. 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 tax increment financing 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.

The proposed project meets a need for provision of affordable rental housing<sup>5</sup>. Rental revenue from the project to fund traditional financing in the amount necessary to build the project is not sufficient to amortize the entire cost of site assembly, site work and new construction. 100% of the tax increment goes to amortize additional debt and reduces the need for other housing subsidy resources. The value of the tax increment financing will enable the SAMA development to offer a range of housing opportunities, mainly affordable rental units. This financing source is critical to ensuring the project is a financially viable long-term asset for the community. As the financial tools to support mixed-income, mixed-use 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 today's 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. In addition, the tax increment financing will be used to help the project support a higher amount of bond-backed debt. If the project cannot support over 50% of costs in this debt mechanism, then the tax credit equity will be lost. The resulting gap amount would be nearly \$4 million. The developer would be unable to obtain enough subsidy financing to make the project work, facing the loss of these substantial resources.

This is primarily due to the number of affordable units to be created with the development. In order to offer rents to households earning between 30% to 60% of the area median income, the "gap" between market rent (what monthly rent should be, based on the development cost for that unit), and the affordable rent must be filled in order for the development to remain financially viable into the future. The use of tax increment financing will help close the gap on the significant need for affordable rental for single persons<sup>6</sup>, and demonstrates the compatibility of affordable rental with higher-end ownership housing. The project provides affordable housing in a location ideal for workers and convenient to public transportation. While housing construction has been booming in and around

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<sup>5</sup> Because 48 units are at or below 50% of MMI, this project is in compliance with the City Unified Housing Policy, which requires at least 19 affordable units (i.e. 20% of 93).

<sup>6</sup> There is an acute need for affordable rental housing. One indicator is the number of persons on the Section 8 waiting list. According to the Minneapolis Public Housing Authority as of July 2002 there were 5,595 singles on the Section 8 waiting list, the majority of which earn 30% of the area median income.

downtown, only a small fraction of this housing is rental, and a much smaller portion is affordable rental. This is especially true of the riverfront which has focused primarily on high-end ownership housing.

The project will increase the city's property tax base by taking a surface parking lot in downtown Minneapolis and converting it to housing. The project will eliminate the blighting influence of a visible surface parking lot on Washington Avenue and conceal a new publicly owned parking ramp.

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 on the next page of this TIF Plan. As shown there, the public redevelopment activity, expenditures, and market values associated with the redevelopment that is proposed in this plan results in a series of calculations and figures that clearly pass the market value test.

The City adopted a Unified Housing Policy which consolidated existing city housing policies into one unified document. The Affordable Housing Policy approved in 1999 and updated in 2001 is now rescinded and included in the Unified City of Minneapolis Housing Policy. This Policy 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 very low, low, and low to moderate income targeted to downtown workers and those who use public transportation.

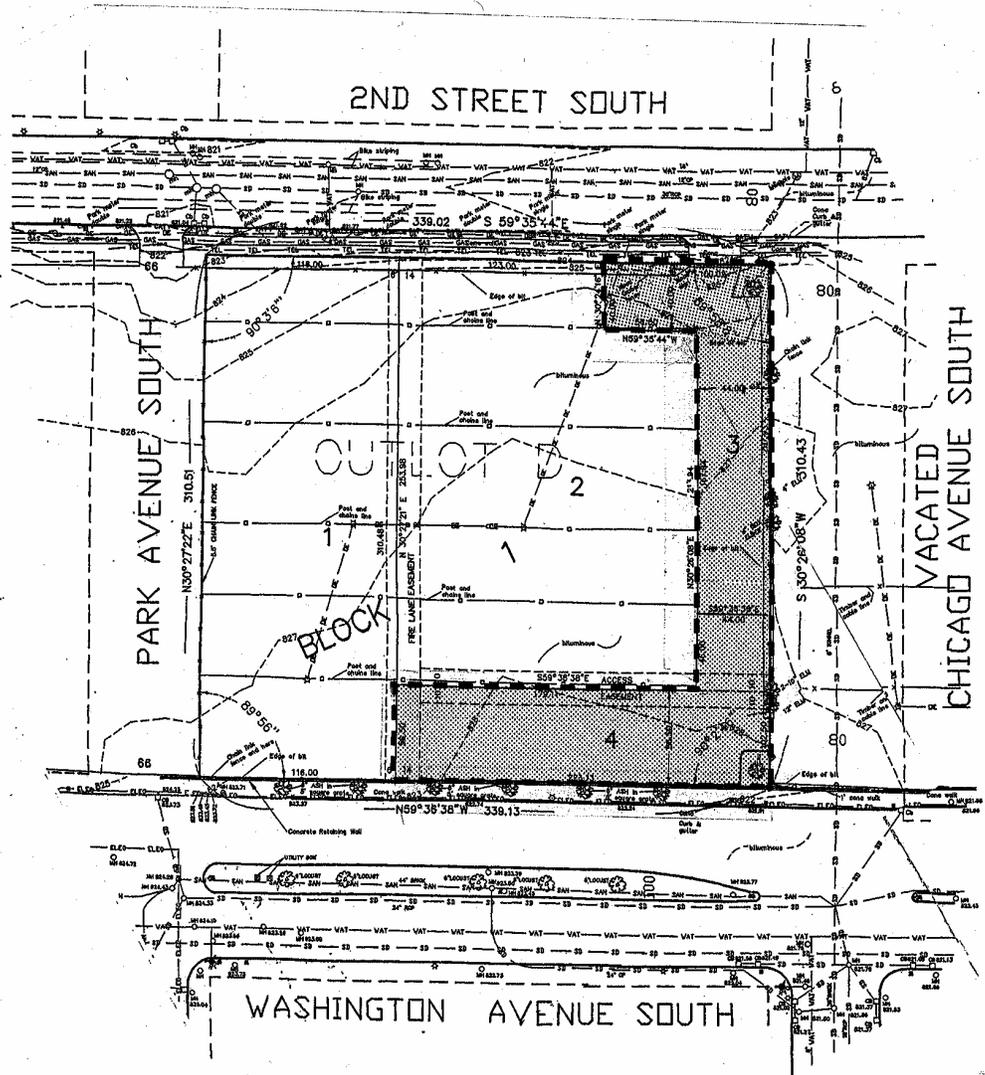
Therefore, it is the position of the City of Minneapolis that the private redevelopment of the property included in the St. Anthony Mills Apartments (SAMA) TIF District could not occur without public participation and financial assistance within the foreseeable future.

## St. Anthony Mills Apartments (SAMA) TIF District

Valuation and Tax Increment Assumptions			
	Pay 2006	Pay 2007	Pay 2008
Total Estimated Market Value (EMV)	\$808,000	\$2,175,000	\$7,250,000
Less: Original EMV	800,000	800,000	800,000
Captured EMV	\$8,000	\$1,375,000	\$6,450,000
Total Net Tax Capacity (NTC)	\$10,100	\$27,188	\$90,625
Less: Original NTC	10,000	10,000	10,000
Captured NTC	\$100	\$17,188	\$80,625
Times: Projected Total Tax Rate	132.000%	128.000%	124.000%
Gross Tax Increment	\$132	\$22,001	\$99,975
Less: State Auditor's Fee (.36%)	0	79	360
Tax Increment Distributed to City	\$132	\$21,922	\$99,615

26 Years of TI Collection		
Years of TIF Collection	Payable Year	Tax Increment Distributed To City
---	2004	\$0
---	2005	0
1	2006	132
2	2007	21,922
3	2008	99,615
4	2009	101,294
5	2010	102,999
6	2011	104,729
7	2012	106,484
8	2013	108,268
9	2014	110,076
10	2015	111,913
11	2016	113,777
12	2017	115,668
13	2018	117,588
14	2019	119,538
15	2020	121,516
16	2021	123,524
17	2022	125,562
18	2023	127,631
19	2024	129,731
20	2025	131,863
21	2026	134,026
22	2027	136,222
23	2028	138,451
24	2029	140,713
25	2030	143,008
26	2031	145,339
		\$2,931,589
<b>P.V. @</b>	<b>5.00%</b>	<b>\$1,410,390</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	\$800,000
(b) Original estimated market value	800,000
(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.	\$6,450,000
(e) Present value of the projected tax increment for the maximum duration of the district	1,410,390
(f) Difference = (d) - (e)	\$5,039,610
<b>(3) Since (c) is less than (f), the proposed development or redevelopment passes the test.</b>	



**St. Anthony Mills Apartments (SAMA)  
Tax Increment Finance Plan  
Boundary Map**

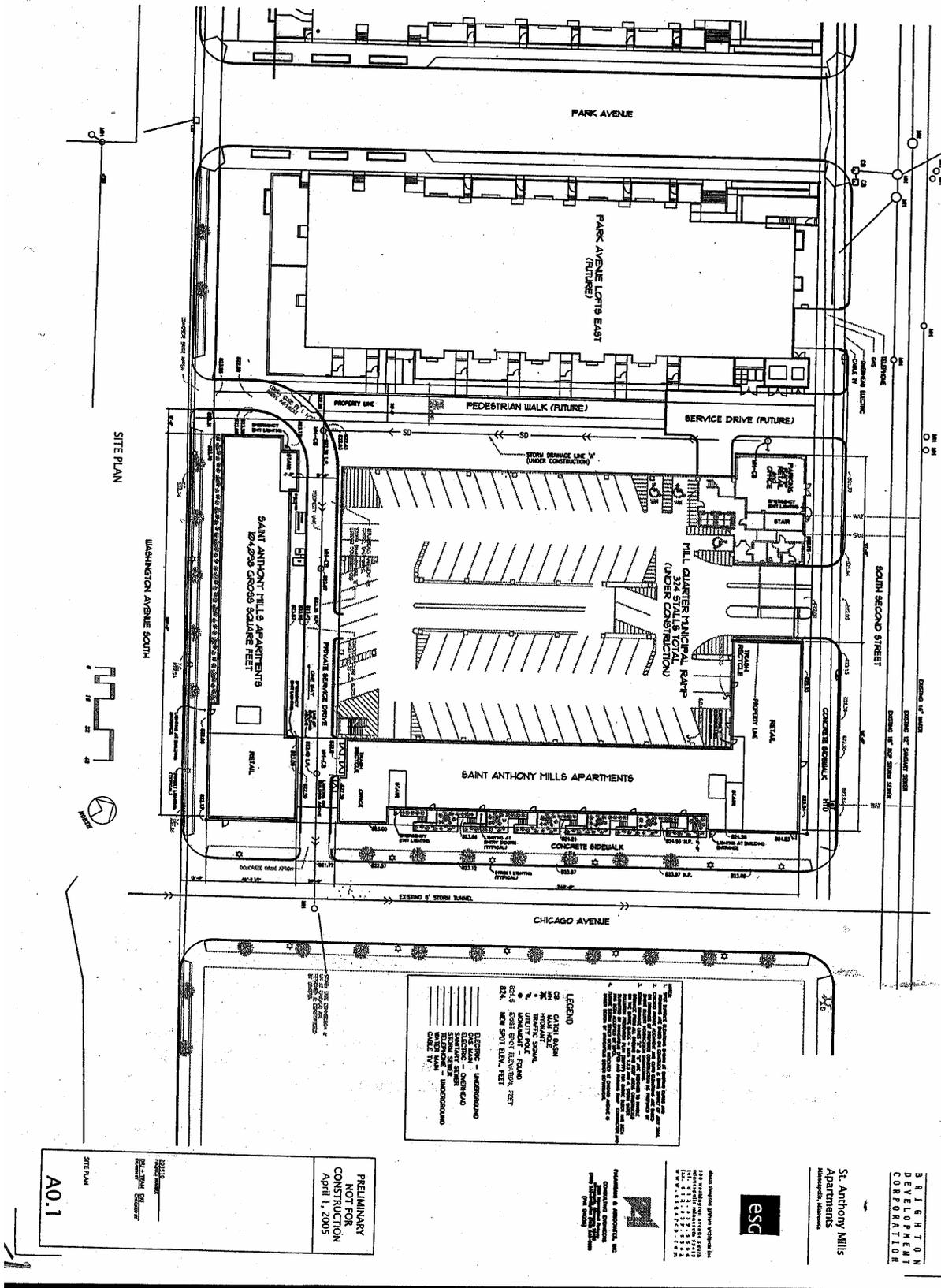
**Boundary**

**June 24, 2005**

Prepared by Development Finance Division  
105 5<sup>th</sup> Avenue S., Minneapolis, Minnesota



## **St. Anthony Mills Apartments**



St. Anthony Mills Apartments TIF Plan  
 June 24, 2005; Revised August 3, 2005