



Modification No. 116 to the
Common Development and Redevelopment Plan
and Common Tax Increment Financing Plan

and

Modification No. 2 to the
Rosacker Nursery Site
Tax Increment Finance Plan

Draft for Public Review
August 26, 2011

**Modification No. 116 to the Common Development and Redevelopment Plan and
Common Tax Increment Financing Plan
and
Modification No. 2 to the Rosacker Nursery Site Tax Increment Finance Plan**

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(This Table of Contents is not part of Modification No. 116 to the Common Development and Redevelopment Plan and Common Tax Increment Financing Plan, and is only for convenience of reference.)

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Modification No. 2 to the Rosacker Nursery Site Tax Increment Finance Plan**

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Introduction

These modifications to the Common Development and Redevelopment Plan, the Common Tax Increment Financing Plan, and the Rosacker Nursery Site Tax Increment Finance Plan amend the project budget, update other financial information, and add language describing the allowable use of tax increment revenues to assist qualified low-income rental housing projects located anywhere within the City of Minneapolis, in accordance with Minnesota Statutes Sections 469.176, Subd. 4k and 469.1763, Subd. 2, paragraph (d). Only those subsections changed by these modifications appear below.

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

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

Project	Plan, Mod or Amendment	City Council Approval Date	Resolution Number
<i>Common Project</i>	<i>Modification No. 116 to the Common Plan (Rosacker Nursery Site)</i>	<i>October 21, 2011 (anticipated)</i>	<i>2011R-____</i>
<i>Rosacker Nursery Site</i>	<i>Modification No. 2 to the Rosacker Nursery Site Tax Increment Finance Plan</i>	<i>October 21, 2011 (anticipated)</i>	<i>2011R-____</i>

Subsection A.7. Estimated Public Improvement Costs

Subsection B.6.A. Project Costs

[Subsection A.7. and Subsection B.6.A. are updated as follows.]

The maximum project costs to be financed with tax increment revenues collected from the Rosacker Nursery Site Tax Increment Financing District is shown in the revised budget below.

	Original Budget	Revised Budget
Sources		
Tax Increment	\$895,000	\$1,620,000
Total Sources	\$895,000	\$1,620,000
Uses		
Acquisition/Site Preparation	\$550,000	\$690,000
Public Improvements	255,000	240,000
Administration	90,000	162,000
Affordable Housing	---	528,000
Total Uses	\$895,000	\$1,620,000

Subsection B.6.D. Most Recent Net Tax Capacity

[The following language is added to Subsection B.6.D.]

For taxes payable in 2011, the Original Net Tax Capacity of the TIF District was \$6,619.

Subsection B.6.E. Estimated Captured Net Tax Capacity

[The following language is added to Subsection B.6.E.]

For taxes payable in 2011, the total net tax capacity was \$110,530, the captured net tax capacity was \$103,911, and the gross tax increment (before the State Auditor fee) was \$151,702.79.

Subsection B.6.H. Original Tax Capacity Rate

[Subsection B.6.H. is replaced by the following language.]

The Original Tax Capacity Rate of the TIF District is 146.817%.

Subsection B.6.J. Affordable Housing and Expenditures Outside TIF District

[Subsection B.6.J. is added as follows.]

Pursuant to Minnesota Statutes Section 469.176, Subd. 4k, tax increment may be spent to assist affordable housing meeting the requirements of Minnesota Statutes Section 469.1763, Subd. 2, paragraph (d), which states that such expenditures must:

- 1) be used exclusively to assist housing that meets the requirements for a qualified low-income building (as defined in Section 42 of the Internal Revenue Code);
- 2) not exceed the qualified basis of the housing (as defined in Section 42(c) of the Internal Revenue Code) less the amount of any credit allowed under Section 42; and
- 3) be used to:
 - acquire and prepare the site of the housing;
 - acquire, construct, or rehabilitate the housing; or
 - make public improvements directly relating to the housing.

Tax increment expenditures for the qualifying affordable housing costs listed above are not restricted to the TIF district or “project area” (as that term is defined in Minnesota Statutes Section 469.174), but may be spent anywhere within the City of Minneapolis. However, the amount of tax increment used for such purposes is restricted.

Pursuant to Minnesota Statutes Section 469.1763, Subd. 2, up to 25% of the tax increment from a redevelopment TIF district may be spent on activities located outside the boundaries of the

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TIF district. An authority may elect in the TIF plan to increase this amount by up to 10% (maximum total of 35%), provided that these additional expenditures meet the affordable housing requirement listed above. Administrative expenditures are normally considered expenditures outside of the TIF district. However, if the only other expenditures outside of the TIF district are for affordable housing purposes as described above, the administrative expenditures are then considered spent within the TIF district.

Pursuant to the provisions, requirements and restrictions noted above, the City elects to increase by 10% the amount of tax increment that may be expended outside the boundaries of the TIF district. No more than 10% of the increment collected from the district (over its lifetime) may be used for administrative purposes, and no more than 35% of the increment collected from the district (over its lifetime) may be used for affordable housing purposes as described above.

The revised budget in Subsections A.7. and B.6.A. above reflects this authority and these limitations.