Minneapolis
City of Lakes

Greenway Heights
Tax Increment Financing Plan

Draft for Public Review
October 4, 2013

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I. Introduction

Three plan documents have been prepared to facilitate the development of 42 units of affordable workforce rental housing in a new four-story building with underground parking on a vacant site at the northeast corner of the intersection of Bloomington Avenue South and the Midtown Greenway in south Minneapolis:

- The Greenway Heights Tax Increment Financing (TIF) Plan establishes a new housing TIF District within the existing Lake and Bloomington Redevelopment Project to help finance public project costs and to establish a budget for the use of tax increment revenue generated by the new TIF District.

- Modification No. 2 to the Lake and Bloomington Redevelopment Plan updates the Land Use Plan, the Future Land Use Map and the description of project proposals to reflect current City land use plans and to address the proposed development. The Lake and Bloomington Redevelopment Project will be the project area within which the new TIF District is located.

- Modification No. 1 to the East Phillips Commons, Phase 1 Tax Increment Finance Plan removes four parcels from the East Phillips Commons, Phase 1 TIF District. These four parcels plus one additional parcel will comprise the new Greenway Heights TIF District.

II. TIF District Boundary

The Greenway Heights TIF District (the "TIF District") is located at the northeast corner of the intersection of Bloomington Avenue South and the Midtown Greenway within the East Phillips neighborhood of south Minneapolis. The TIF District consists of five tax parcels identified below.

Property Identification Number	Property Address
35-029-24-44-0023	2840 16th Avenue South
35-029-24-44-0024	2844 16th Avenue South
35-029-24-44-0025	2845 Bloomington Avenue South
35-029-24-44-0026	2843 Bloomington Avenue South
35-029-24-44-0028	2839 Bloomington Avenue South

The parcels to be included in the TIF District are shown on the TIF District Boundary Map, which is attached as Exhibit 1. A map showing the TIF District within the boundary of the Lake and Bloomington Redevelopment Project is also included in Exhibit 1.

III. Type of TIF District

The TIF District is a “housing district” as defined in the Minnesota Tax Increment Financing Act (the “TIF Act”, M.S. Sections 469.174-469.1799):

> **M.S. Section 469.174, Subd. 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. Housing project means a project, or a portion of a project, that meets all of the qualifications of a housing district under this subdivision, whether or not actually established as a housing district.
>
> **M.S. Section 469.1761, Subd. 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 M.S. Section 462C.02, Subd. 9, clause (e).
>
> **M.S. Section 469.1761, Subd. 3.** For residential rental property, the property must satisfy the income requirements for a qualified residential rental project as defined in section 142(d) of the Internal Revenue Code. The requirements of this subdivision apply for the duration of the tax increment financing district.

Additional information about the District’s eligibility as a housing TIF District is provided in Exhibit 2.

IV. Maximum Duration of the TIF District

The maximum duration of the TIF District is that which is prescribed by the TIF Act for a housing district. At the time this document was prepared, the TIF Act allowed for a maximum of 26 years of tax increment collection.

V. Statement of Objectives

The City of Minneapolis (the “City”) seeks to achieve the following objectives through this TIF Plan:

- Increase the number of housing units and choices within the city.

- Increase housing density.
- Provide affordable housing units.
- Eliminate blighting influences.
- Support strong and diverse neighborhoods where people choose to live.
- Promote transit-oriented and sustainable development.
- Increase the property tax base.

VI. Proposed Development Activity

A. Description of Proposed Development Activity

Greenway Partners, LLC proposes to develop 42 units of affordable workforce rental housing in a new four-story building with underground parking on a .62-acre site at the northeast corner of the intersection of Bloomington Avenue South and the Midtown Greenway in south Minneapolis.

The development site is currently owned by PRG, Inc. and will be conveyed at closing to Greenway Partners, LLC, which is comprised of Phoenix Development Company of Minneapolis, LLC, a for-profit entity, and PRG, Inc., a local non-profit organization.

The project will include two-, three- and four-bedroom units affordable to large families with incomes less than 50% of the Area Median Income. A one-level underground parking facility will include 38 parking spaces and 38 bicycle parking spaces. Four short-term bicycle parking spaces will be provided outside. The development will include an outdoor play area.

A site plan and rendering of the anticipated development are provided in Exhibit 6.

B. Property That May Be Acquired

The City does not currently intend to acquire any property within the TIF District.

C. Other Expected Development Activity

No additional development activity is anticipated within the TIF District.

VII. Description of Financing

The figures, sources, and methods of financing identified in this TIF Plan are based on the best estimates and projections available at the time this plan was prepared. Slight changes can be expected. However, if significant changes occur that affect the structure or financial feasibility of the project, or increase the project costs to be paid with tax increment beyond the amounts listed in this TIF Plan, then a formal modification to this plan may become necessary. Such a modification would require the same review and approval process as the original approval of this TIF Plan.

A. Costs to be Paid with Tax Increment

The total cost of the project is currently estimated to be approximately $9,200,000. The maximum amount of project costs that can be paid utilizing tax increment revenues generated from within the TIF District is shown below.

The City reserves the right to administratively adjust the amount of any of the line items listed, or to incorporate additional eligible line items, provided that the total use figures listed below are not exceeded.

Sources	
Tax Increment	$1,091,300
Total Sources	$1,091,300
Uses	
Affordable Housing Construction	$441,500
Pay-As-You-Go Note Interest	540,700
City Administration Costs	109,100
Total Uses	$1,091,300

B. Maximum Bonds to be Issued

It is not anticipated that the City will issue any tax increment bonds for the Greenway Heights project. It is anticipated that the City will issue to the developer a pay-as-you-go TIF note in an amount not to exceed $441,500. The City will semi-annually distribute net tax increment to the developer under the terms of the TIF note which will be used, along with operating revenue generated by the housing project itself, to pay semi-annual debt service on one or more series of housing revenue bonds that the City will issue to help construct the project.

As provided in Minnesota Statutes, Section 469.178, Subdivision 7, the City may advance revenues to the Greenway Heights TIF District from other available development revenues of the City in the principal amount needed to offset any negative fund balances incurred with respect to this TIF District as a result of expenditures incurred prior to or in excess of the collection of tax increment revenue. The interest rate paid on such advances shall be equal to the rate of interest those revenues would have generated in their fund, but not to exceed the greater of the rates specified in Minnesota Statutes, Sections 270C.40 or 549.09 as from time to time adjusted. The term of this advance shall end upon the termination of the TIF District, although as revenues are available in the fund for the TIF District, the advance shall be offset by such amounts.

C. Other Sources of Funding

In addition to the housing revenue bonds described in Section VII B, other sources of funding to construct the project may include developer land equity, tax credit syndication proceeds, deferred developer fees, the City's Affordable Housing Trust Fund and Non Profit Administrative Fund, the Neighborhood Revitalization Program, Minnesota Housing, the Metropolitan Council Livable Community Development Account, and Hennepin County Affordable Housing Incentive Fund and Transit-Oriented Development grant funds.

D. Original Net Tax Capacity

It is projected that upon project completion and property reclassification the Original Net Tax Capacity of the TIF District will be $706.

E. Original Tax Capacity Rate

The Original Tax Capacity Rate of the TIF District will be 158.262%, which is the total tax capacity rate for all applicable taxing jurisdictions for taxes payable in 2013. For tax increment projection purposes (see Section VII G), a total tax capacity rate of 150.000% was used.

F. Fiscal Disparities Election

For the purpose of calculating tax increment, the City of Minneapolis elects that the fiscal disparity contribution that is required for all commercial/industrial property located within the TIF District will be made from "outside" the TIF District (M.S. Section 469.177, Subd. 3, Paragraph (a)).

G. Projected Captured Net Tax Capacity and Tax Increment

It is projected that upon project completion the total EMV of the property in the TIF District will be $4,000,000 and the total net tax capacity (NTC) will be $30,000. The captured net tax capacity of the TIF District at completion is therefore projected to be $29,294 (for taxes payable in 2017).

The Assumptions Schedule (Exhibit 3) shows the various assumptions used in projecting net tax increment from the TIF District.

The Projected Tax Increment Schedule (Exhibit 4) shows how tax increment was projected over a 26-year period (2015 to 2040).

VIII. Estimated Impact on Other Taxing Jurisdictions

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

Nevertheless, if it is assumed for the purpose of analysis that the proposed development would occur without tax increment financing assistance, and that the estimated captured net tax capacity at project completion would be immediately available, then the estimated annual impact to the applicable taxing jurisdictions would be as follows:

Taxing Jurisdiction	Pay 2013 Tax Capacity Rate	Property Taxes Resulting From $29,294 in Captured Net Tax Capacity
City of Minneapolis	72.717%	$21,302
Hennepin County	48.924	14,332
Special School District #1	27.218	7,973
Other	9.403	2,755
Total	158.262%	$46,361

Fiscal and Economic Implications of the TIF District

The estimated amount of total tax increment that would be generated over the maximum duration of the TIF District is $1,095,216.

The probable impact of the TIF District on City-provided services such as police and fire protection, public infrastructure, and borrowing costs attributable to the TIF District is projected to be very minor due to the small size of the project in comparison to the size of the City budget and tax base.

The estimated amount of tax increment generated over the life of the TIF District that would be attributable to the School District, assuming the School District's tax rate remains at approximately 17.2 percent of the total tax rate, would equal approximately $188,377.

The estimated amount of tax increment generated over the life of the TIF District that would be attributable to the County, assuming the County's tax rate remains at approximately 30.9 percent of the total tax rate, would equal approximately $338,422.

As of the date this plan was prepared, neither the County nor 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.

IX. Basis for Finding That Development Would Not Occur Without TIF Assistance

M.S. Section 469.175, Subd. 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 development to be constructed in the TIF District would not occur without public participation and financial assistance. This conclusion and finding is based upon the factors and circumstances described below.

The developer has stated that “but-for” the use of tax increment financing the development will not proceed. A financial analysis conducted by the City indicated that projected development costs exceed available funding sources and that a funding gap exists. In order to close this funding gap, tax increment financing assistance is deemed necessary and appropriate.

The project is consistent with development objectives set forth in the Minneapolis Tax Increment Policy in that it will 1) provide housing choices that meet the needs of current residents and attract new residents to the city, 2) provide affordable housing, 3) develop an underutilized site, and 4) eliminate blighting influences.

The amount of tax increment financing requested is reasonable when compared to the overall cost of developing the project, and the developer has explored other options to secure private and public funding for these costs prior to requesting tax increment financing assistance from the City.

The funding gap is in part due to the inclusion of 42 affordable rental units within the project, in compliance with the City’s Unified Housing Policy. The Unified Housing Policy recognizes the serious shortage of affordable housing in Minneapolis and seeks to “grow the population and to have no net loss of housing across all income levels.”

The Unified Housing Policy also states that the City will focus on linking incentives to housing opportunities in proximity to jobs and transit. The Greenway Heights project will provide housing opportunities for working families along the Midtown Greenway amenity, in a transit-rich area. The development site is located along the Bloomington Avenue Metro Transit bus route and is in close proximity to the East 28th Street bus route. Lake Street, two blocks to the south, is part of Metro Transit’s Hi-Frequency Service Network. The Midtown Greenway is a thoroughfare for pedestrian and bicycle traffic. The development site is in close proximity to jobs at numerous Lake Street businesses.

Most types of tax increment financing districts must also pass a "market value test” in order to support the finding that the development could not occur without tax increment assistance (M.S. Section 469.175, Subd. 3(b)(2)(ii)). Although this requirement does not apply to housing TIF districts, Exhibit 5 contains the calculations necessary to demonstrate that this test has been satisfied.

Exhibit 1

Greenway Heights TIF District
Boundary Map
15TH
MIDTOWN GREENWAY E
29TH
16TH
BLOOMINGTON
17TH
LAKE
N
0
65
130
260
Feet
City of Minneapolis
Development Finance Division
September 2013
Legend
TIF District
Parcels

Exhibit 1

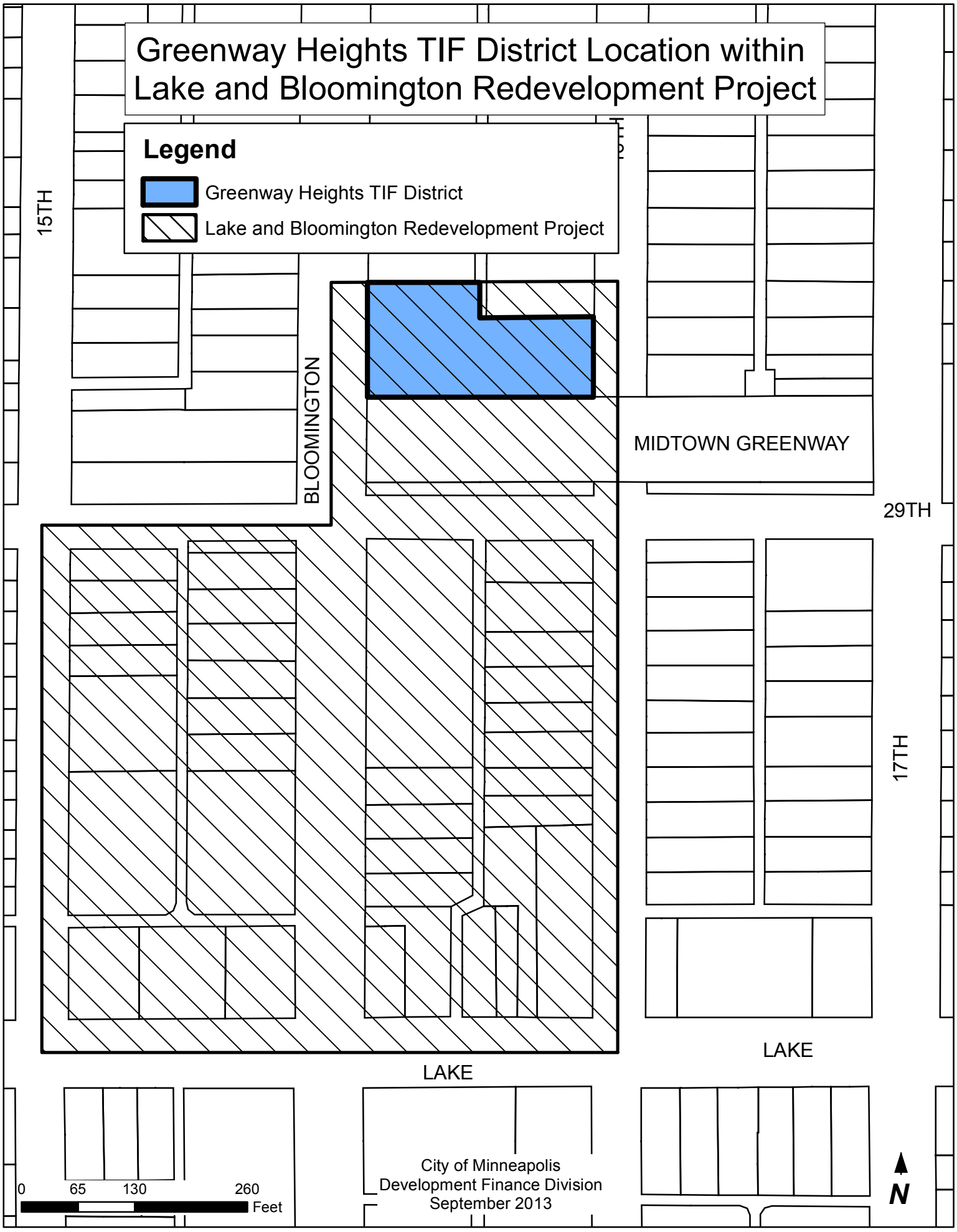

Greenway Heights TIF District Location within Lake and Bloomington Redevelopment Project
Legend
Greenway Heights TIF District
Lake and Bloomington Redevelopment Project
15TH
BLOOMINGTON
MIDTOWN GREENWAY
29TH
17TH
LAKE
LAKE
0
65
130
260
Feet
City of Minneapolis
Development Finance Division
September 2013
N

Exhibit 2

Documentation of Eligibility

The purpose of this exhibit is to describe the conditions that qualify the Greenway Heights Tax Increment Financing (TIF) District as a housing district as defined in Minnesota Statutes Section 469.174, Subd. 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. Housing project means a project, or a portion of a project, that meets all of the qualifications of a housing district under this subdivision, whether or not actually established as a housing district.

and Section 469.1761, Subd. 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 M.S. Section 462C.02, Subd. 9, clause (e).

and Section 469.1761, Subd. 3:

> For residential rental property, the property must satisfy the income requirements for a qualified residential rental project as defined in section 142(d) of the Internal Revenue Code. The requirements of this subdivision apply for the duration of the tax increment financing district.

Compliance with Income Restrictions

The income requirements for a qualified residential rental project as defined in section 142(d) of the Internal Revenue Code are such that one of two tests must be met:

a. **20-50 Test** Twenty percent or more of the residential units in the project are occupied by individuals whose income is 50 percent or less of area median gross income.

b. **40-60 Test** Forty percent or more of the residential units in the project are occupied by individuals whose income is 60 percent or less of area median gross income.

All 42 units in the Greenway Heights development will be occupied by households whose income is 50 percent or less of the Area Median Income, and thus the project meets the first test.

Compliance with Requirements for Non-Residential Uses

M.S. Section 469.1761, Subd. 1(a) provides that no more than 20 percent of the square footage of buildings that receive tax increment assistance may consist of commercial, retail or other non-residential uses. The Greenway Heights development will not include any non-residential uses.

Exhibit 3

Assumptions Schedule

Greenway Heights
TIF Plan
As-developed EMV: $4,000,000

Type of Tax Increment Financing District	Housing
Maximum Duration of TIF District	26 Years of Tax Increment Collection
Certification Request Date	12/01/13
Decertification Date	12/31/40 (Years of Increment = 26)

Construction Year =	2012	2013	2014	2015
Assessment Year =	2013	2014	2015	2016
Taxes Payable Year =	2014	2015	2016	2017
Housing Property				
EMV Upon Completion (1)		$4,000,000	$4,000,000	$4,000,000
Percent Complete		5%	90%	100%
Total Estimated Market Value	$94,100	$200,000	$3,600,000	$4,000,000
Percent of Housing Property - Class 4a	0%	0%	0%	0%
Percent of Housing Property - Class 4d	100%	100%	100%	100%
Class Rate - 4a	1.25%	1.25%	1.25%	1.25%
Class Rate - 4d	0.75%	0.75%	0.75%	0.75%
Total Net Tax Capacity (NTC)	$706	$1,500	$27,000	$30,000

Assessment Year =	2012	2013	2014	2015	2016
Taxes Payable Year =	2013	2014	2015	2016	2017
Original EMV	NA	$94,100	$94,100	$94,100	$94,100
Times: Class Rate	0.75%	0.75%	0.75%	0.75%	0.75%
Original Net Tax Capacity	NA	$706	$706	$706	$706

Pay-As-You-Go Note

Interest Start Date	02/01/14	Total Tax Capacity Rate	150.000%
Annual Interest Rate	6.125%	City Administrative Fee	10.00%

Notes

1. EMV projection based on 42 apartments with average values of $95,238/unit.
2. Original EMV based on 2013 Assessed EMVs, for taxes payable in 2014.

Exhibit 4

Projected Tax Increment Schedule

Greenway Heights
TIF Plan
As-developed EMV: $4,000,000

Year Ending (1)	Total Net Tax Capacity (2)	Less: Original Net Tax Capacity (3)	Less: Fiscal Disp. @ 0.0000% (4)	Equals: Retained Captured NTC (5)	Times: Total Tax Capacity Rate (6)	Equals: Annual Gross Tax Increment (7)	Less: State Aud. Fee @ 0.36% (8)	Equals: Increment Distributed to City (9)	Less: City Adm. Fee @ 10.00% (10)	Equals: Net Tax Increment (11)
12/31/14	706	706	0	0	150.000%	0	0	0	0	0
12/31/15	1,500	706	0	794	150.000%	1,191	4	1,187	119	1,068
12/31/16	27,000	706	0	26,294	150.000%	39,441	142	39,299	3,930	35,369
12/31/17	30,000	706	0	29,294	150.000%	43,941	158	43,783	4,378	39,405
12/31/18	30,000	706	0	29,294	150.000%	43,941	158	43,783	4,378	39,405
12/31/19	30,000	706	0	29,294	150.000%	43,941	158	43,783	4,378	39,405
12/31/20	30,000	706	0	29,294	150.000%	43,941	158	43,783	4,378	39,405
12/31/21	30,000	706	0	29,294	150.000%	43,941	158	43,783	4,378	39,405
12/31/22	30,000	706	0	29,294	150.000%	43,941	158	43,783	4,378	39,405
12/31/23	30,000	706	0	29,294	150.000%	43,941	158	43,783	4,378	39,405
12/31/24	30,000	706	0	29,294	150.000%	43,941	158	43,783	4,378	39,405
12/31/25	30,000	706	0	29,294	150.000%	43,941	158	43,783	4,378	39,405
12/31/26	30,000	706	0	29,294	150.000%	43,941	158	43,783	4,378	39,405
12/31/27	30,000	706	0	29,294	150.000%	43,941	158	43,783	4,378	39,405
12/31/28	30,000	706	0	29,294	150.000%	43,941	158	43,783	4,378	39,405
12/31/29	30,000	706	0	29,294	150.000%	43,941	158	43,783	4,378	39,405
12/31/30	30,000	706	0	29,294	150.000%	43,941	158	43,783	4,378	39,405
12/31/31	30,000	706	0	29,294	150.000%	43,941	158	43,783	4,378	39,405
12/31/32	30,000	706	0	29,294	150.000%	43,941	158	43,783	4,378	39,405
12/31/33	30,000	706	0	29,294	150.000%	43,941	158	43,783	4,378	39,405
12/31/34	30,000	706	0	29,294	150.000%	43,941	158	43,783	4,378	39,405
12/31/35	30,000	706	0	29,294	150.000%	43,941	158	43,783	4,378	39,405
12/31/36	30,000	706	0	29,294	150.000%	43,941	158	43,783	4,378	39,405
12/31/37	30,000	706	0	29,294	150.000%	43,941	158	43,783	4,378	39,405
12/31/38	30,000	706	0	29,294	150.000%	43,941	158	43,783	4,378	39,405
12/31/39	30,000	706	0	29,294	150.000%	43,941	158	43,783	4,378	39,405
12/31/40	30,000	706	0	29,294	150.000%	43,941	158	43,783	4,378	39,405
						$1,095,216	$3,938	$1,091,278	$109,121	$982,157

Exhibit 5
Market Value Test Schedule

Valuation and Tax Increment Assumptions

Payable Year --->	2014	2015	2016	2017
Total Estimated Market Value (EMV)	$94,100	$200,000	$3,600,000	$4,000,000
Less: Original EMV	94,100	94,100	94,100	94,100
Captured EMV	$0	$105,900	$3,505,900	$3,905,900
Total Net Tax Capacity (NTC)	$706	$1,500	$27,000	$30,000
Less: Original NTC	706	706	706	706
Captured NTC	$0	$794	$26,294	$29,294
Times: Projected Total Tax Rate	150.000%	150.000%	150.000%	150.000%
Gross Tax Increment	$0	$1,191	$39,441	$43,941
Less: State Auditor's Fee (.36%)	0	4	142	158
Tax Increment Distributed to City	$0	$1,187	$39,299	$43,783

26 Years of TI Collection

Years of TIF Collection	Payable Year	Tax Increment Distributed To City
0	2014	$0
1	2015	1,187
2	2016	39,299
3	2017	43,783
4	2018	43,783
5	2019	43,783
6	2020	43,783
7	2021	43,783
8	2022	43,783
9	2023	43,783
10	2024	43,783
11	2025	43,783
12	2026	43,783
13	2027	43,783
14	2028	43,783
15	2029	43,783
16	2030	43,783
17	2031	43,783
18	2032	43,783
19	2033	43,783
20	2034	43,783
21	2035	43,783
22	2036	43,783
23	2037	43,783
24	2038	43,783
25	2039	43,783
26	2040	43,783
27	2041	0
		$1,091,278
P.V. @	**5.00%**	**$584,754**

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 …":

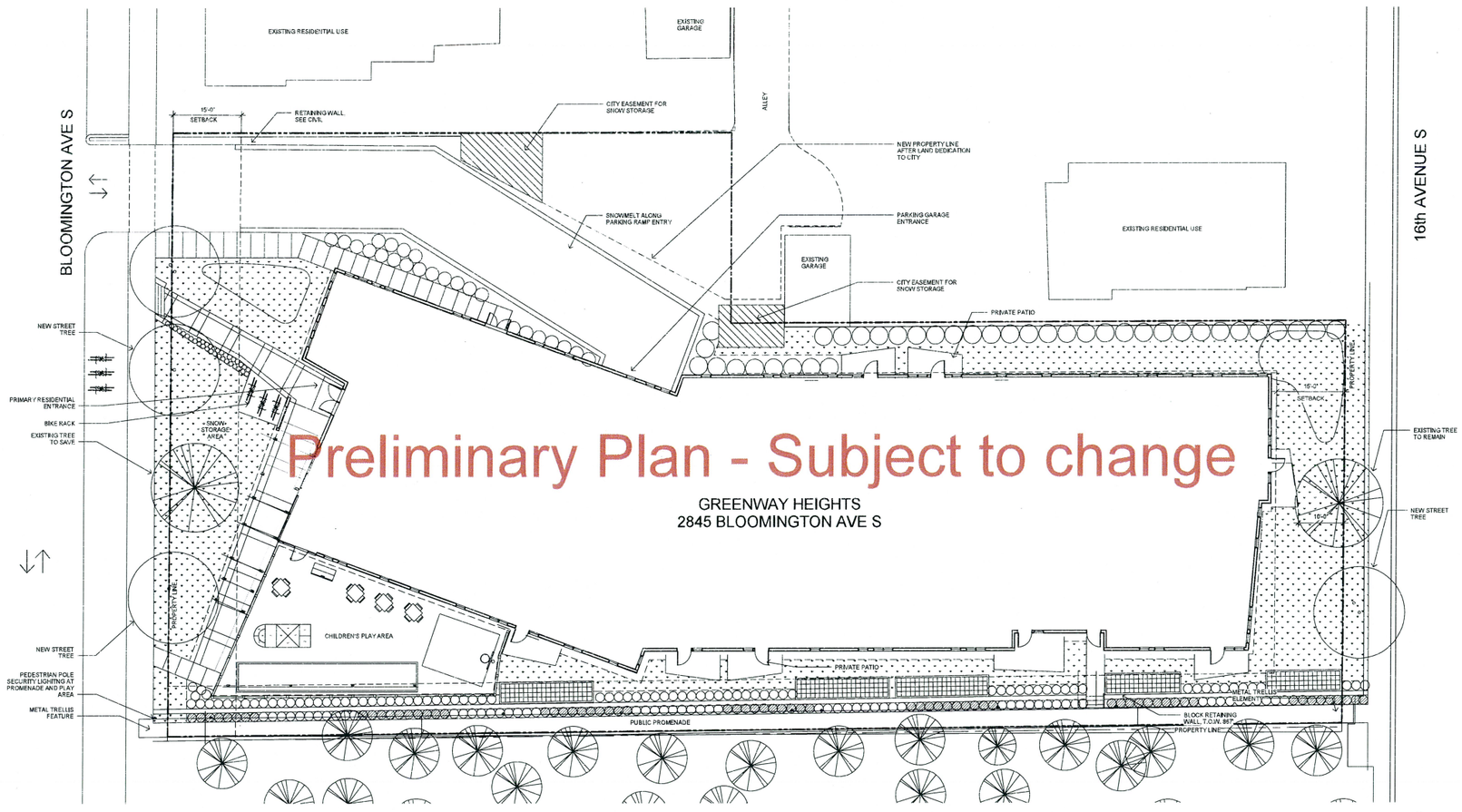
(a) Projected estimated market value without the use of tax increment	$94,100
(b) Original estimated market value	94,100
(c) Increased estimated market value without the use of tax increment = (a) - (b)	$0

(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.	$3,905,900
(e) Present value of the projected tax increment for the maximum duration of the district	584,754
(f) Difference = (d) - (e)	$3,321,146

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

Exhibit 6



Preliminary Plan - Subject to change

GREENWAY HEIGHTS
2845 BLOOMINGTON AVE S

1 A010 ARCHITECTURAL SITE PLAN
1" = 10'-0"

N

SITE PLAN NOTES:
1. NO BUILDING SIGNAGE PROPOSED AT THIS TIME.

2. TRASH/RECYCLING WILL BE COLLECTED WITHIN THE BUILDING AT LEVEL 1.

3. SNOW WILL BE REMOVED FROM SIDEWALKS. A LIMITED AMOUNT OF SNOW STORAGE IS AVAILABLE ALONG THE STREET BOULEVARDS AND WITHIN THE FRONT YARDS ON BLOOMINGTON AND 16TH AVENUES. THE DRIVEWAY WILL INCORPORATE A SNOW MELT SYSTEM AND A TRENCH DRAIN FOR SNOW REMOVAL.

BKV GROUP

Architecture
Interior Design
Landscape Architecture
Engineering

Boarman Kroos Vogel Group Inc.

222 North Second Street
Minneapolis MN 55401
Telephone: 612-339-3752
Facsimile: 612-339-6212
www.bkvgroup.com

CONSULTANTS

PROJECT TITLE

GREENWAY HEIGHTS

KEY PLAN NORTH ARROW

LAND-USE SUBMITTAL

CERTIFICATION
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 Professional
underthe laws of the State of Minnesota.

Date

License Number

REVISION	DATE

DATE	4/24/2013
DRAWN BY	SM
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SHEET TITLE

ARCHITECTURAL SITE PLAN

SHEET NUMBER

A010

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Exhibit 6

GREENWAY HEIGHTS

View from Bloomington Avenue

02.12.13

Exhibit 6

View from the promenade along the Midtown Greenway

Exhibit 6

1836.01 Greenway Heights

West Elevation

2.12.13

Exhibit 6

1836.01 Greenway Heights

South Elevation 1/16" Scale

2.12.13

Minneapolis
City of Lakes

Modification No. 2 to the Lake and Bloomington Redevelopment Plan

Draft for Public Review
October 4, 2013

Modification No. 2
to the
Lake and Bloomington Redevelopment Plan

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Introduction

Three plan documents have been prepared to facilitate the development of 42 units of affordable workforce rental housing in a new four-story building with underground parking on a vacant site at the northeast corner of the intersection of Bloomington Avenue South and the Midtown Greenway in south Minneapolis:

- The Greenway Heights Tax Increment Financing (TIF) Plan establishes a new housing TIF District within the existing Lake and Bloomington Redevelopment Project to help finance public project costs and to establish a budget for the use of tax increment revenue generated by the new TIF District.

- This Modification No. 2 to the Lake and Bloomington Redevelopment Plan updates the Land Use Plan, the Future Land Use Map and the description of project proposals to reflect current City land use plans and to address the proposed development. The Lake and Bloomington Redevelopment Project will be the project area within which the new TIF District is located.

- Modification No. 1 to the East Phillips Commons, Phase 1 Tax Increment Finance Plan removes four parcels from the East Phillips Commons, Phase 1 TIF District. These four parcels plus one additional parcel will comprise the new Greenway Heights TIF District.

Only those portions of the Lake and Bloomington Redevelopment Plan that are being modified (Section II and the introduction to Section III) appear in this document.

Modification No. 2 to the Lake and Bloomington Redevelopment Plan

The following language replaces the existing language in Section II of the Lake and Bloomington Redevelopment Plan:

II. Land Use Plan

A. Future Land Use

The proposed reuses of land within the project area include Urban Neighborhood and Mixed Use, as specified and described in the City's comprehensive plan, *The Minneapolis Plan for Sustainable Growth*:

- Urban Neighborhood – Predominantly residential area with a range of densities, with highest densities generally to be concentrated around identified nodes and corridors. May include undesignated nodes and some other small-scale uses, including neighborhood-serving commercial and institutional and semi-public uses (for example, schools, community centers, religious institutions, public safety facilities, etc.) scattered throughout.

- Mixed Use – Allows for mixed use development, including mixed use with residential. Mixed use may include either a mix of retail, office or residential uses within a building or within a district. There is no requirement that every building be mixed use.

Portions of the Bloomington Avenue Community Corridor and the Lake Street Commercial Corridor are located within the project area. The corridors are described in *The Minneapolis Plan* as follows:

- Community Corridor – Primarily residential with intermittent commercial uses clustered at intersections in nodes. Commercial uses are generally small-scale retail sales and services serving the immediate neighborhood. Residential density is allowed at medium density (20-50 du/acre), transitioning to low density in surrounding areas.

- Commercial Corridor – Historically have been prominent destinations with a mix of uses, with commercial uses dominating. Residential density is allowed at high density (50-120 du/acre), transitioning down to medium density in surrounding areas.

The Future Land Use Map is included as Exhibit 2.

B. Conformance with Approved City Plans

Uses within the Lake and Bloomington Redevelopment Project area shall conform with approved City land use plans and zoning ordinances.

The proposed Greenway Heights development at the northeast corner of the intersection of Bloomington Avenue South and the Midtown Greenway conforms to City-approved plans and ordinances. *The Minneapolis Plan for Sustainable Growth* designates the future land use of the property as Urban Neighborhood, which is a predominantly residential area with a range of densities, with highest densities generally to be concentrated around identified nodes and corridors. The development site is also located within the area subject to the *Midtown Greenway Land Use and Development Plan*, which specifies medium-density (10 to 50 dwelling units per acre) and high-density housing (40 to 120 dwelling units per acre) as the future land use for the site.

The Minneapolis Plan for Sustainable Growth

The proposed Greenway Heights development conforms to the following comprehensive plan policies:

Policy 1.8: Preserve the stability and diversity of the city's neighborhoods while allowing for increased density in order to attract and retain long-term residents and businesses.

1.8.1 Promote a range of housing types and residential densities, with highest density development concentrated in and along appropriate land use features.

Policy 1.9: Through attention to the mix and intensity of land uses and transit service, the City will support development along Community Corridors that enhances residential livability and pedestrian access.

1.9.6 Promote more intensive residential development along Community Corridors near intersections with Neighborhood Commercial Nodes and other locations where it is

compatible with existing character.

Policy 3.1: Grow by increasing the supply of housing.

3.1.1 Support the development of new medium- and high-density housing in appropriate locations throughout the city.

Policy 3.2: Support housing density in locations that are well connected by transit, and are close to commercial, cultural and natural amenities.

3.2.1 Encourage and support housing development along commercial and community corridors, and in and near growth centers, activity centers, retail centers, transit station areas, and neighborhood commercial nodes.

Policy 3.3: Increase housing that is affordable to low and moderate income households.

3.3.1 Continue to utilize housing development finance programs to foster growth in the city's affordable housing stock in all parts of the city.

3.3.3 Work to provide affordable housing for both rental and ownership markets at a broad range of income levels.

Policy 3.6: Foster complete communities by preserving and increasing high quality housing opportunities suitable for all ages and household types.

3.6.2 Promote housing development in all communities that meets the needs of households of different sizes and income levels.

Small Area Plan

The *Midtown Greenway Land Use and Development Plan* was approved by the City Council on February 23, 2007. It has since been incorporated as part of *The Minneapolis Plan for Sustainable Growth*. The Lake and Bloomington Redevelopment Project area and the Greenway Heights development site fall within the plan's study area and recommendations.

The proposed Greenway Heights development is consistent with the small area plan. The plan supports new housing development located in areas that have good transit access and that are close to commercial goods and services and in other high-amenity areas. The future land use map identifies high density residential development (40 to 120 dwelling units per acre) as appropriate uses on the parcels fronting Bloomington Avenue, and medium density residential development (10 to 50 dwelling units per acre) as appropriate uses on the parcels fronting 16th Avenue South. Likewise, the site is split between two development intensity districts identified in the plan. The parcels fronting Bloomington Avenue are in an Urban-Oriented District (medium density building types up to four or five stories) and the parcels fronting 16th Avenue South are in a Neighborhood-Oriented District (building types compatible with existing density and pattern of adjacent lower density residential neighborhoods). The Greenway Heights development of 42 units on a .62-acre site results in a density of 68 DU/acre. Given that the plan provides general development guidance and does not address situations where development sites overlap multiple future land use and development intensity districts, and that the new

development will have a density on the low end of the high density range, the proposed development is generally consistent with the plan.

Zoning Ordinance

The City's zoning code regulates land use and development intensity in order to carry out the policies of the City's comprehensive plan.

The proposed Greenway Heights development site is zoned R5 Multiple-Family District, an appropriate zoning to facilitate the above noted goals of the comprehensive plan and the Midtown Greenway Land Use and Development Plan.

The proposed development was approved by the City Planning Commission on June 10, 2013, including approvals of the plat, variances, and site plan review. The City Council approved a rezoning of a portion of the site to R5 Multiple-Family District and an alley vacation on July 19, 2013.

C. Land Use Restrictions

A redevelopment contract between the City and the developer of property within the project area will contain specific requirements regarding the terms and conditions under which City assistance is provided, including land use restrictions.

The following language is added to the existing language in Section III of the Lake and Bloomington Redevelopment Plan:

III. Project Proposals

Greenway Partners, LLC proposes to develop 42 units of affordable workforce rental housing in a new four-story building with underground parking on a .62-acre site at the northeast corner of the intersection of Bloomington Avenue South and the Midtown Greenway in south Minneapolis.

The development site is currently owned by PRG, Inc. and will be conveyed at closing to Greenway Partners, LLC, which is comprised of Phoenix Development Company of Minneapolis, LLC, a for-profit entity, and PRG, Inc., a local non-profit organization.

The project will include two-, three- and four-bedroom units affordable to large families with incomes less than 50% of the Area Median Income. A one-level underground parking facility will include 38 parking spaces and 38 bicycle parking spaces. Four short-term bicycle parking spaces will be provided outside. The development will include an outdoor play area.

A. Land Acquisition Map (No Change)

B. Land Acquisition (No Change)

C. Rehabilitation (No Change)

D. Redevelopers' Obligations (No Change)

Exhibit 2

Modification No. 2 to the Lake and Bloomington Redevelopment Plan Future Land Use Map

Minneapolis
City of Lakes

Modification No. 1 to the East Phillips Commons, Phase 1 Tax Increment Finance Plan

Draft for Public Review
October 4, 2013

East Phillips Commons Tax Increment Finance Plan

Modification No. 1

Introduction **(New)**

I. Tax Increment District Boundary **(Changed)**

II. Statement of Objectives

III. Development Program

A. Description of Development Program
B. 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 at Completion
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VI. Estimated Impact on Other Taxing Jurisdictions

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

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Exhibits

1 Boundary/Acquisition Map **(Changed)**

Introduction

Three plan documents have been prepared to facilitate the development of 42 units of affordable workforce rental housing in a new four-story building with underground parking on a vacant site at the northeast corner of the intersection of Bloomington Avenue South and the Midtown Greenway in south Minneapolis:

- The Greenway Heights Tax Increment Financing (TIF) Plan establishes a new housing TIF District within the existing Lake and Bloomington Redevelopment Project to help finance public project costs and to establish a budget for the use of tax increment revenue generated by the new TIF District.

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- This Modification No. 1 to the East Phillips Commons, Phase 1 Tax Increment Finance Plan removes four parcels from the East Phillips Commons, Phase 1 TIF District. These four parcels plus one additional parcel will comprise the new Greenway Heights TIF District.

Section I – Tax Increment District Boundary is the only section of the TIF Plan changed by Modification No. 1 and is the only part of the TIF Plan that appears below. Changes are described in italics.

I. Tax Increment District Boundary

[Changes to the existing language in Section 1 are indicated below. Language to be stricken is indicated by ~~strikethrough~~ formatting. Language to be added is indicated by underlining.]

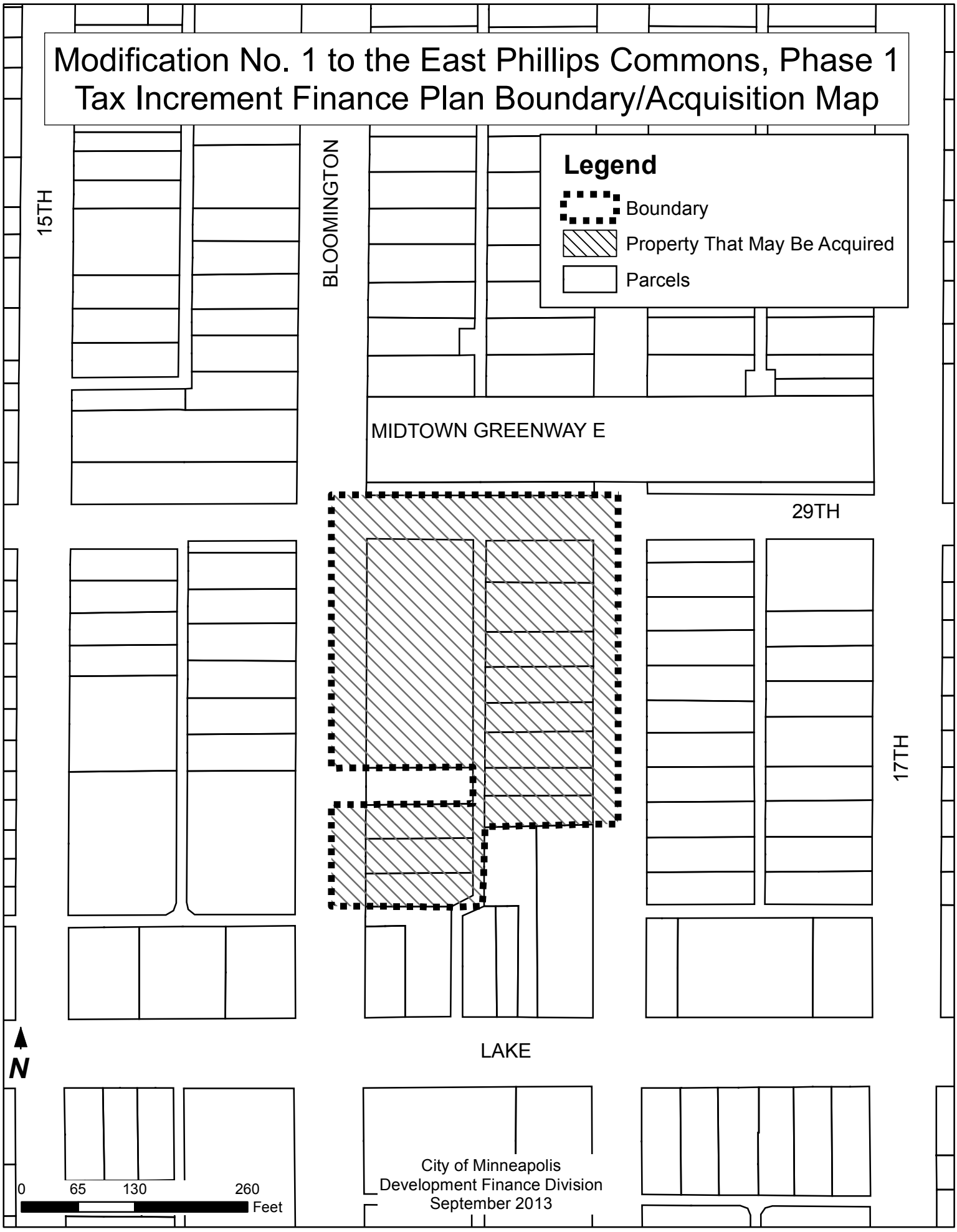
The East Phillips Commons, Phase 1 TIF District, ~~is being established within and under the authority of~~ located within the Lake and Bloomington Redevelopment Project.~~. The property to be included in the proposed TIF District includes twenty-two~~ consists of the 18 parcels listed below, including streets, alleys and public rights of way. ~~The tax parcels to be included in the first phase of the TIF Plan are:~~

~~1.~~	~~2843 Bloomington Av S~~	~~35-029-24-44-0026~~
~~2.~~	~~2845 Bloomington Av S~~	~~35-029-24-44-0025~~
1~~3~~.	2901 Bloomington Av S	35-029-24-44-0057
2~~4~~.	2905 Bloomington Av S	35-029-24-44-0056
3~~5~~.	2909 Bloomington Av S	35-029-24-44-0055
4~~6~~.	2913 Bloomington Av S	35-029-24-44-0054
5~~7~~.	2917 Bloomington Av S	35-029-24-44-0053
6~~8~~.	2919 Bloomington Av S	35-029-24-44-0052
7~~9~~.	2927 Bloomington Av S	35-029-24-44-0051
8~~10~~.	2931 Bloomington Av S	35-029-24-44-0064

9~~11~~.	2937 Bloomington Av S	35-029-24-44-0205
10~~12~~.	2941 Bloomington Av S	35-029-24-44-0061
~~13. 2840 16th Av S~~		~~35-029-24-44-0023~~
~~14. 2844 16th Av S~~		~~35-029-24-44-0024~~
11~~15~~.	2900 16th Av S	35-029-24-44-0045
12~~16~~.	2908 16th Av S	35-029-24-44-0046
13~~17~~.	2912 16th Av S	35-029-24-44-0047
14~~18~~.	2916 16th Av S	35-029-24-44-0048
15~~19~~.	2920 16th Av S	35-029-24-44-0049
16~~20~~.	2924 16th Av S	35-029-24-44-0050
17~~21~~.	2926 16th Av S	35-029-24-44-0059
18~~22~~.	2930 16th Av S	35-029-24-44-0060

(See Boundary Map, Exhibit 1).

The Project Area Report, which provides a more detailed description of the existing property conditions, and documents the eligibility of this site for the establishment of a Redevelopment TIF District, is appended as Exhibit #2 to this TIF Plan.

Exhibit 1

Modification No. 1 to the East Phillips Commons, Phase 1 Tax Increment Finance Plan Boundary/Acquisition Map