



Broadway Flats
Tax Increment Financing Plan

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Draft for Public Review

Broadway Flats Tax Increment Financing Plan

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Broadway Flats Tax Increment Financing Plan

I. Introduction

The Broadway Flats Tax Increment Financing (TIF) Plan has been prepared to facilitate the development of 103 units of affordable workforce rental housing above 18,000 square feet of ground floor commercial space on a 1.9-acre site at the northwest corner of the intersection of Penn Avenue North and West Broadway in north Minneapolis. The TIF Plan establishes a new housing TIF District to help finance various public project costs and to establish a budget for the use of tax increment revenue generated by the new TIF District located within the existing Penn Avenue North Redevelopment Project.

II. TIF District Boundary

The proposed Broadway Flats TIF District (the "TIF District") is located at the northwest corner of the intersection of Penn Avenue North and West Broadway in the Jordan neighborhood of Minneapolis. The TIF District consists of eight tax parcels and a portion of one additional parcel identified below by their current Property Identification Numbers (PINs) and current addresses.

PIN	Property Address	Portion of Parcel in TIF District
17-029-24-11-0148	2511 Penn Avenue North	Entire parcel
17-029-24-11-0149	2507 Penn Avenue North	Entire parcel
17-029-24-11-0150	2503 Penn Avenue North	Entire parcel
17-029-24-11-0151	2425 Penn Avenue North	Entire parcel
17-029-24-11-0152	2423 Penn Avenue North	Entire parcel
17-029-24-11-0153	2419 Penn Avenue North	Entire parcel
17-029-24-11-0154	2413 Penn Avenue North	Entire parcel
17-029-24-11-0218	2220 West Broadway	Entire parcel
17-029-24-11-0162	2512 Queen Avenue North	Partial*

*The portion of the parcel to be included in the TIF District is part of Lot 19, Block 1, Wenz Addition to Minneapolis, including portions of a vacated alley. It is roughly triangular in shape and is 1,282 square feet in size.

The properties comprising the TIF District are to be replatted, resulting in two new PINS – one for the residential portion of the development and one for the commercial portion.

The TIF District Boundary Map attached as Exhibit 1 shows the configuration of the development site and the TIF District.

The TIF District is located within the existing Penn Avenue North Redevelopment Project. The objectives and development activities described in this TIF Plan are consistent with the Penn Avenue North Redevelopment Plan. A map showing the TIF District's location within the Penn Avenue North Redevelopment Project is also included in Exhibit 1.

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Although the TIF District is overlaid by one additional redevelopment project area (the West Broadway Redevelopment Project), for purposes of the TIF Act, the TIF District is located within the Penn Avenue North Redevelopment Project.

III. Type of TIF District

The Broadway Flats 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 TIF District's eligibility as a housing district is provided in Exhibit 2.

IV. Maximum Duration of the TIF District

The maximum duration of the Broadway Flats 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.
- Increase business activity and density in commercial areas.
- Increase retail activity and the availability of goods and services.
- Increase employment opportunities.
- Support strong and diverse neighborhoods where people choose to live.
- Promote transit-oriented and sustainable development.
- Clean contaminated property.
- Increase the property tax base.
- Support tornado recovery efforts.

VI. Proposed Development Activity

A. Description of Proposed Development Activity

Lupe Development Partners (the fee developer) and Rose Development, LLC propose to construct a four-story mixed-use building on a 1.9-acre site at the northwest corner of the intersection of Penn Avenue North and West Broadway in the Jordan neighborhood of north Minneapolis. The development will include 103 units of affordable workforce rental housing above 18,000 square feet of ground floor commercial space, underground parking, and shared surface parking for the commercial and retail uses as well as the nearby St. Anne - St. Joseph Hien Catholic Church. This arrangement will help meet critical area surface parking needs.

All 103 rental units will be affordable to households at or below 50% and 60% of Area Median Income (AMI). The project consists of 10 studios, 78 one-bedroom units and 15 two-bedroom units.

There will be up to 63 spaces of underground parking for the residential tenants and 29 shared surface parking stalls. The ground floor commercial space will include the relocated Broadway Liquor Outlet as the anchor commercial tenant, a laundromat, and up to three yet-to-be-identified additional tenants.

The project will include innovative storm water management features, public art, an integrated transit shelter, various green/sustainable elements, a variety of public pedestrian amenities, bike racks, underground parking and shared surface parking.

The development is a direct response to the 2011 tornado that heavily damaged the Penn and West Broadway intersection and hundreds of homes in north Minneapolis.

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The project will be dually owned. The commercial portion of the project will be owned by 2220 West Broadway, LLC with Rose Development, LLC as its sole member. The residential portion of the project will be owned by Broadway Flats, LLLP.

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

B. Property That May Be Acquired

The City does not intend to acquire any additional 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 the 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 the 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 \$24.5 million. The maximum amount of project costs that can be paid utilizing tax increment revenues generated from within the Broadway Flats 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	<u>\$3,151,000</u>
Total Sources	\$3,151,000

Uses

Affordable Housing Construction	\$1,424,300
Pay-As-You-Go Note Interest	1,411,600
City Administration Costs	<u>315,100</u>
Total Uses	\$3,151,000

B. Maximum Bonds to be Issued

The City does not currently anticipate issuing any tax increment bonds for the Broadway Flats project. It is anticipated that the City will issue the developer a pay-as-you-go TIF note in an amount not to exceed \$1,424,300. 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 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, Minnesota Housing, Metropolitan Council Livable Community Development Account and Transit-Oriented Development (TOD) grant funds, and Hennepin County Affordable Housing Incentive Fund and TOD grant funds.

D. Original Net Tax Capacity

The property in the TIF District has an estimated market value (EMV) of \$267,500 (as assessed in 2014 for taxes payable in 2015). Upon project completion, it is projected that the original net tax capacity (ONTC) of the TIF District will be approximately \$3,344.

E. Original Tax Capacity Rate

The original tax capacity rate for the TIF District will be the total local tax capacity rate for all applicable taxing jurisdictions for taxes payable in 2015, which is not yet available. For the purpose of calculating the hypothetical impact on other taxing jurisdictions (see Section VIII), the total tax capacity rate for taxes payable in 2014 was used. For tax increment projection purposes, the total tax capacity rate of 150% was assumed (see Section VIII).

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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

Upon project completion, it is projected that the total EMV of the property in the TIF District will be \$9,340,100, and the total net tax capacity (NTC) will be \$87,301. The captured net tax capacity of the TIF District at completion is therefore projected to be \$83,957.

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 (2017 to 2042).

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:

<u>Taxing Jurisdiction</u>	<u>Pay 2014 Tax Capacity Rate</u>	<u>Property Taxes Resulting From \$83,957 in Captured Net Tax Capacity</u>
City of Minneapolis	71.804%	\$ 60,284
Hennepin County	49.441%	41,509
Special School District #1	25.678%	21,558
Other	<u>9.700%</u>	<u>8,144</u>
Total	156.623%	\$131,496

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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 \$3,162,071.

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 16.4% percent of the total tax rate, would equal approximately \$518,580.

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 31.6% percent of the total tax rate, would equal approximately \$999,214.

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 Broadway Flats TIF District would not occur without public participation and financial assistance. This finding is based upon the factors and circumstances described below.

The developer has stated that "but-for" the use of tax increment financing the proposed development will not proceed as described in this TIF Plan. A financial analysis conducted by the City indicated that projected development costs exceed available funding sources and that a funding gap exists. 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. In order to close this funding gap, tax increment financing assistance is deemed necessary and appropriate. The amount of tax increment financing requested is reasonable when compared to the overall cost of developing the project.

The funding gap is in large part due to the inclusion of 103 affordable rental units within the project. Without tax increment financing assistance, the project would not be built as proposed; rather, a much smaller single-story retail building would be developed without

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a residential component and without the associated amenities that benefit the surrounding area, such as public art, an integrated transit shelter, various green/sustainable elements, pedestrian amenities, bike racks and shared surface parking.

The City's Unified Housing Policy states that the City will focus on linking incentives to housing opportunities in proximity to jobs and transit. The Broadway Flats project will provide workforce housing opportunities along the high-use transit-oriented West Broadway commercial corridor. The Minnesota Housing Finance Agency's Community Profiles indicates there are 133,000 low- and moderate-wage jobs within five miles of the Broadway Flats development site, which is at the nexus of a significant Bus Rapid Transit (BRT) expansion under the Metropolitan Council's 2020 Transit Plan.

The project is consistent with development objectives set forth in the Minneapolis Tax Increment Policy in that it will 1) eliminate blighting influences, 2) provide housing choices that meet the needs of current residents, with an emphasis on affordable housing, 3) support a commercial corridor, 4) create living-wage jobs and 5) increase the city's property tax base.

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.

Broadway Flats TIF District Boundary Map



OLIVER AVE N

26TH AVE N

QUEEN AVE N

WEST BROADWAY

25TH AVE N

PENN AVE N

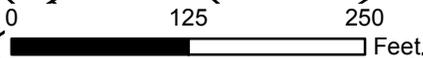
WILLOW AVE N

24TH AVE N

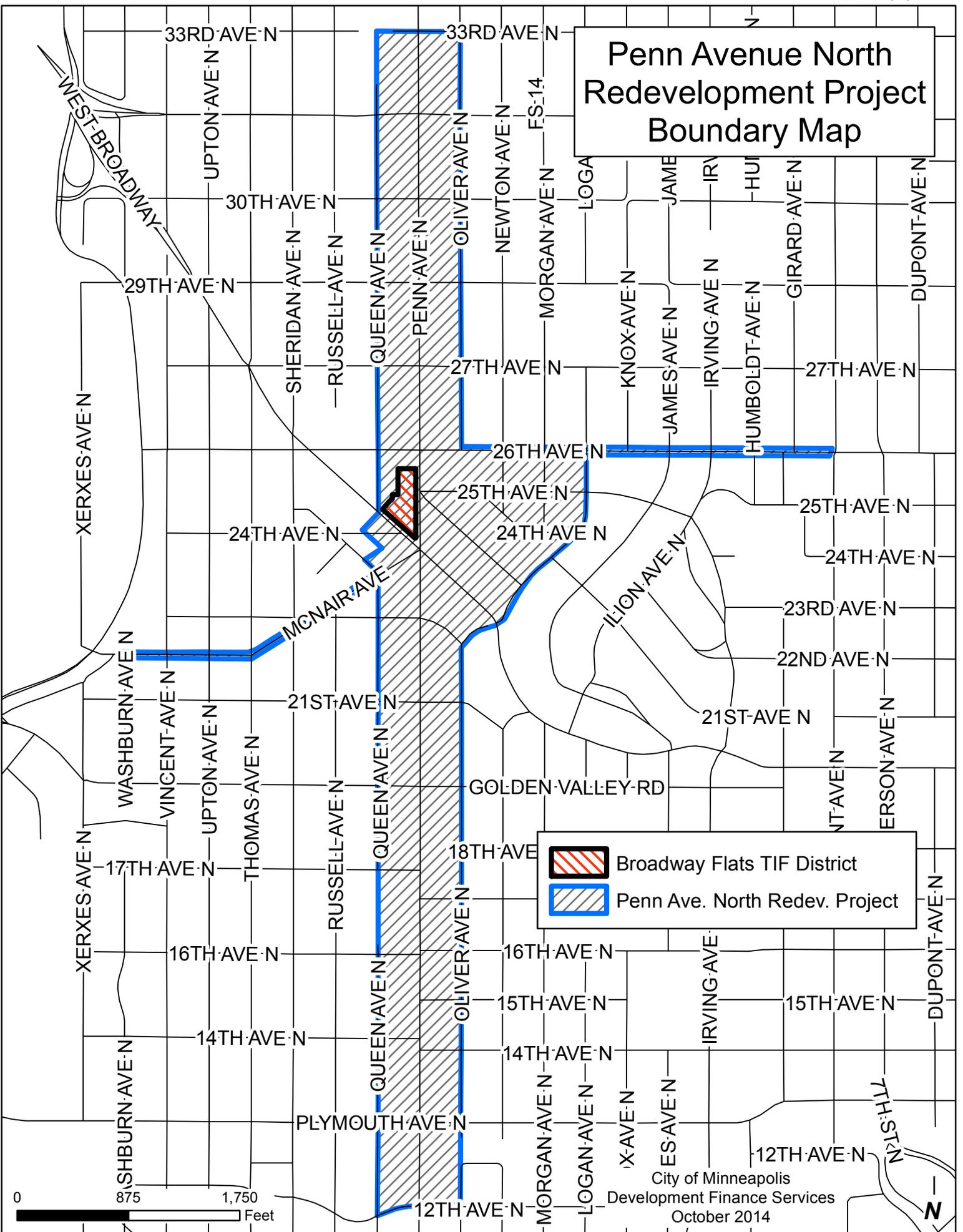
MCNAIR AVE

Legend

 Broadway Flats TIF District



Penn Avenue North Redevelopment Project Boundary Map



	Broadway Flats TIF District
	Penn Ave. North Redev. Project

0 875 1,750 Feet

City of Minneapolis
Development Finance Services
October 2014



Documentation of Eligibility

The purpose of this exhibit is to describe the conditions that qualify the Broadway Flats 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.

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- 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.

Forty-two units in the Broadway Flats development (40 percent of the units) will be occupied by households whose income is 50 percent or less of Area Median Income. The remaining 61 units (60 percent) will be occupied by households whose income is 60 percent or less of Area Median Income, and thus the project meets both tests.

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. Approximately 12 percent (18,000 square feet) of the 154,217-square foot Broadway Flats development will consist of non-residential uses.

Exhibit 3 Assumptions Schedule

Broadway Flats TIF Plan

EMV Upon Completion = \$9,340,100
(103 Apartments at \$76,700 EMV/Unit; 18,000 sq .ft. of Retail @ \$80/sq. ft.)

Type of Tax Increment Financing District	Housing
Maximum Duration of TIF District	26 Years of Tax Increment Collection
Certification Request Date	03/01/15
Decertification Date	12/31/42 (Years of Increment = 26)

Construction Year =	2014	2015	2016	2017
Assessment Year =	2015	2016	2017	2018
Taxes Payable Year =	2016	2017	2018	2019

Housing Property

EMV Upon Completion (2)		\$7,900,100	\$7,900,100	\$7,900,100
Percent Complete		25%	90%	100%
Total Estimated Market Value	\$267,500	\$1,975,025	\$7,110,090	\$7,900,100
Percent of Housing Property - Class 4a	100%	0%	0%	0%
Percent of Housing Property - Class 4d	0%	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%
Net Tax Capacity (NTC)	\$3,344	\$14,813	\$53,326	\$59,251

Commercial/Industrial Property

EMV Upon Completion		\$1,440,000	\$1,440,000	\$1,440,000
Percent Complete		25%	90%	100%
Total Estimated Market Value	\$0	\$360,000	\$1,296,000	\$1,440,000
Times: First	\$150,000	1.50%	0	2,250
Excess		2.00%	0	4,200
Net Tax Capacity (NTC)	\$0	\$6,450	\$25,170	\$28,050
Total Net Tax Capacity (NTC)	\$3,344	\$21,263	\$78,496	\$87,301

Assessment Year =	2014	2015	2016	2017	2018
Taxes Payable Year =	2015	2016	2017	2018	2019
Original EMV (1)	\$267,500	\$267,500	\$267,500	\$267,500	\$267,500
Times: Class Rate	1.25%	1.25%	1.25%	1.25%	1.25%
Original Net Tax Capacity	\$3,344	\$3,344	\$3,344	\$3,344	\$3,344

Total Tax Capacity Rate	150.000%	Fiscal Disparities	
City Administrative Fee	10.00%	Contribution Ratio	0.0000%
<u>Pay-As-You-Go Note</u>		Pooling for Afford. Housing	0.00%
Interest Start Date	06/01/15		
Annual Interest Rate	4.95%		

Notes

- (1) Original EMV includes 2220 West Broadway, and 2413, 2419, 2423, 2425, 2503, 2507, and 2511 Penn Avenue North, and a portion of 2512 Queen Avenue North
- (2) Future EMV based on 103 apartments at \$76,700/unit, and 18,000 sq. ft. of retail space at \$80/sq. ft.

Exhibit 4 Projected Tax Increment Schedule

Broadway Flats TIF Plan

EMV Upon Completion = \$9,340,100

(103 Apartments at \$76,700 EMV/Unit; 18,000 sq. ft. of Retail @ \$80/sq. ft.)

Year Ending (1)	Total Net Tax Capacity (2)	<u>Less:</u> Original Net Tax Capacity (3)	<u>Less:</u> Fiscal Disp. @ 0.0000% (4)	<u>Equals:</u> Retained Captured NTC (5)	<u>Times:</u> Total Tax Capacity Rate (6)	<u>Equals:</u> Annual Gross Tax Increment (7)	<u>Less:</u> State Aud. Fee @ 0.36% (8)	<u>Equals:</u> Increment Distributed to City (9)	<u>Less:</u> City Adm. Fee @ 10.00% (9)	<u>Less:</u> Pooling for Housing @ 0.00% (10)	<u>Equals:</u> Net Tax Increment (10)
12/31/15	3,344	3,344	0	0	150.000%	0	0	0	0	0	0
12/31/16	3,344	3,344	0	0	150.000%	0	0	0	0	0	0
12/31/17	21,263	3,344	0	17,919	150.000%	26,879	97	26,782	2,678	0	24,104
12/31/18	78,496	3,344	0	75,152	150.000%	112,728	406	112,322	11,232	0	101,090
12/31/19	87,301	3,344	0	83,957	150.000%	125,936	453	125,483	12,548	0	112,935
12/31/20	87,301	3,344	0	83,957	150.000%	125,936	453	125,483	12,548	0	112,935
12/31/21	87,301	3,344	0	83,957	150.000%	125,936	453	125,483	12,548	0	112,935
12/31/22	87,301	3,344	0	83,957	150.000%	125,936	453	125,483	12,548	0	112,935
12/31/23	87,301	3,344	0	83,957	150.000%	125,936	453	125,483	12,548	0	112,935
12/31/24	87,301	3,344	0	83,957	150.000%	125,936	453	125,483	12,548	0	112,935
12/31/25	87,301	3,344	0	83,957	150.000%	125,936	453	125,483	12,548	0	112,935
12/31/26	87,301	3,344	0	83,957	150.000%	125,936	453	125,483	12,548	0	112,935
12/31/27	87,301	3,344	0	83,957	150.000%	125,936	453	125,483	12,548	0	112,935
12/31/28	87,301	3,344	0	83,957	150.000%	125,936	453	125,483	12,548	0	112,935
12/31/29	87,301	3,344	0	83,957	150.000%	125,936	453	125,483	12,548	0	112,935
12/31/30	87,301	3,344	0	83,957	150.000%	125,936	453	125,483	12,548	0	112,935
12/31/31	87,301	3,344	0	83,957	150.000%	125,936	453	125,483	12,548	0	112,935
12/31/32	87,301	3,344	0	83,957	150.000%	125,936	453	125,483	12,548	0	112,935
12/31/33	87,301	3,344	0	83,957	150.000%	125,936	453	125,483	12,548	0	112,935
12/31/34	87,301	3,344	0	83,957	150.000%	125,936	453	125,483	12,548	0	112,935
12/31/35	87,301	3,344	0	83,957	150.000%	125,936	453	125,483	12,548	0	112,935
12/31/36	87,301	3,344	0	83,957	150.000%	125,936	453	125,483	12,548	0	112,935
12/31/37	87,301	3,344	0	83,957	150.000%	125,936	453	125,483	12,548	0	112,935
12/31/38	87,301	3,344	0	83,957	150.000%	125,936	453	125,483	12,548	0	112,935
12/31/39	87,301	3,344	0	83,957	150.000%	125,936	453	125,483	12,548	0	112,935
12/31/40	87,301	3,344	0	83,957	150.000%	125,936	453	125,483	12,548	0	112,935
12/31/41	87,301	3,344	0	83,957	150.000%	125,936	453	125,483	12,548	0	112,935
12/31/42	87,301	3,344	0	83,957	150.000%	125,936	453	125,483	12,548	0	112,935
						\$3,162,071	\$11,375	\$3,150,696	\$315,062	\$0	\$2,835,634

Exhibit 5 Market Value Test Schedule

Valuation and Tax Increment Assumptions				
Payable Year --->	2016	2017	2018	2019
Total Estimated Market Value (EMV)	\$267,500	\$1,975,025	\$7,110,090	\$7,900,100
Less: Original EMV	267,500	267,500	267,500	267,500
Captured EMV	\$0	\$1,707,525	\$6,842,590	\$7,632,600
Total Net Tax Capacity (NTC)	\$3,344	\$21,263	\$78,496	\$87,301
Less: Original NTC	3,344	3,344	3,344	3,344
Captured NTC	\$0	\$17,919	\$75,152	\$83,957
Times: Projected Total Tax Rate	150.000%	150.000%	150.000%	150.000%
Gross Tax Increment	\$0	\$26,879	\$112,728	\$125,936
Less: State Auditor's Fee (.36%)	0	97	406	453
Tax Increment Distributed to City	\$0	\$26,782	\$112,322	\$125,483

26 Years of TI Collection		
Years of TIF Collection	Payable Year	Tax Increment Distributed To City
0	2016	\$0
1	2017	26,782
2	2018	112,322
3	2019	125,483
4	2020	125,483
5	2021	125,483
6	2022	125,483
7	2023	125,483
8	2024	125,483
9	2025	125,483
10	2026	125,483
11	2027	125,483
12	2028	125,483
13	2029	125,483
14	2030	125,483
15	2031	125,483
16	2032	125,483
17	2033	125,483
18	2034	125,483
19	2035	125,483
20	2036	125,483
21	2037	125,483
22	2038	125,483
23	2039	125,483
24	2040	125,483
25	2041	125,483
26	2042	125,483
27	2043	0
		\$3,150,696
P.V. @ 5.00%		\$1,617,050

Market Value Test	
<u>Analysis Required by M.S. Section 469.175, Subd. 3 (2)</u>	
(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	\$1,440,000
(b) Original estimated market value	267,500
(c) Increased estimated market value without the use of tax increment = (a) - (b)	\$1,172,500
(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.	\$7,632,600
(e) Present value of the projected tax increment for the maximum duration of the district	1,617,050
(f) Difference = (d) - (e)	\$6,015,550
 (3) Since (c) is less than (f), the proposed development or redevelopment passes the test.	



June 18, 2013



BROADWAY FLATS
2220 West Broadway Avenue Minneapolis, MN 55411

3D VIEW - RETAIL AT CORNER



June 18, 2013



BROADWAY FLATS
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3D VIEW - W. BROADWAY AVE



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BROADWAY FLATS
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3D VIEW - PENN AVE NORTH