CPED STAFF REPORT

Prepared for the City Planning Commission
CPC Agenda Item 2
February 11, 2016

REDEVELOPMENT PLAN SUMMARY

Project Name:	Hawthorne EcoVillage Apartments TIF Plan
Submitted By:	CPED Housing Policy & Development – Residential Finance
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Ward:	5 (adjacent to Ward 4)
Neighborhood:	Hawthorne (adjacent to McKinley)

PROJECT DESCRIPTION

The Hawthorne EcoVillage Apartments Tax Increment Financing (TIF) Plan has been prepared to facilitate the construction of 75 units of affordable rental housing on a vacant 1.28-acre site at the southeast corner of the intersection of Lyndale and Lowry Avenues North in north Minneapolis. The development site is within the four-block Hawthorne EcoVillage, a multi-phase community project to build sustainable and affordable "green living" residences. Hawthorne EcoVillage Apartments will be the first higher density housing project on Lowry Avenue North since the roadway reconstruction in 2008.

The Hawthorne EcoVillage Apartments 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. The Hawthorne EcoVillage Apartments 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).

The City of Minneapolis 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.

Please see the attached TIF plan for more detail regarding the above noted items.

PLAN CONFORMANCE AND GUIDANCE

The intent of this section is to document that the approval of the subject redevelopment plan conforms to City approved plans, as well as to document the guidance that City approved plans offer development in the proposed redevelopment district.

Comprehensive Plan

The proposed development is consistent with the applicable policies of *The Minneapolis Plan for Sustainable Growth*.

The site is designated as Urban Neighborhood. The Urban Neighborhood designation is defined as a predominantly residential area with a range of densities. The highest densities are generally concentrated around identified nodes and corridors.

The site located along Lowry Avenue North and along Lyndale Avenue North which are both designated Community Corridors. Community Corridors support new residential development from low- to high-density in specified areas, as well as increased housing diversity in neighborhoods. Community Corridors support limited commercial uses that are frequently concentrated in Neighborhood Commercial Nodes. Design and development along Community Corridors is oriented towards the pedestrian experience and residential quality of life. These streets carry moderate volumes of traffic. These streets are important travel routes for both neighborhood residents and through traffic. In many cases, they are part of the Primary Transit Network that provides frequent, high quality transit service citywide.

The goals of the TIF plan are in conformance with the above noted guidance from the comprehensive plan.

Small Area Plan

The Lowry Avenue Strategic Plan was adopted by the City Council in 2010. The plan identifies development objectives for the Lowry & Lyndale intersection as follows: the intersection provides an important connecting function as it serves as a gateway to north Minneapolis from northeast Minneapolis and further provides a link to the Mississippi River. The plans states that, the "Eco-village, a multifamily residential development will anchor the southeast quadrant of Lowry & Lyndale with two-plus blocks of new development." It further states that "Multifamily housing development should predominate on developable land on the south side of Lowry. It could include a small commercial presence at the Lyndale intersection."

The goals of the TIF plan are in conformance with the policies and strategies outlined in the *Lowry Avenue Strategic 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 zoning of the project area is OR2 High-Density Residence District. The proposed apartment building is allowed in the OR2 District and was approved by the City Planning Commission at its meeting of June 1, 2015.

ACTION REQUESTED OF CITY PLANNING COMMISSION

CPED Housing Policy & Development – Residential Finance has requested that the City Planning Commission comment on the TIF plan prior to the public hearing at the City Council Community Development & Regulatory Services Committee on March 1, 2016. The City Council is expected to consider the Plan on March 18, 2016.

COMMENTS AND FINDINGS

Staff finds that the Hawthorne EcoVillage Apartments TIF Plan is consistent with the *Minneapolis Plan for Sustainable Growth*.

RECOMMENDATIONS

The Department of Community Planning and Economic Development recommends that the City Planning Commission send to the City Council the comments above and **recommend approval** of the Hawthorne EcoVillage Apartments TIF Plan.

ATTACHMENTS

1. Hawthorne EcoVillage Apartments TIF Plan

Minneapolis
City of Lakes

Hawthorne EcoVillage Apartments
Tax Increment Financing Plan

Draft for Public Review
January 15, 2016

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I. Introduction

The Hawthorne EcoVillage Apartments Tax Increment Financing (TIF) Plan has been prepared to facilitate the construction of 75 units of affordable rental housing on a vacant 1.28-acre site at the southeast corner of the intersection of Lyndale and Lowry Avenues North in north Minneapolis. The development site is within the four-block Hawthorne EcoVillage, a multi-phase community project to build sustainable and affordable "green living" residences. Hawthorne EcoVillage Apartments will be the first higher density housing project on Lowry Avenue North since the roadway reconstruction in 2008.

The Hawthorne EcoVillage Apartments 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.

II. TIF District Boundary

The proposed Hawthorne EcoVillage Apartments TIF District (the "TIF District") is located at the southeast corner of the intersection of Lyndale and Lowry Avenues North in the Hawthorne neighborhood of north Minneapolis. The TIF District will consist of the five tax parcels identified below by their current property identification (PID) numbers and current addresses.

PID	Property Address
10-029-24-32-0050	3117 6th Street North
10-029-24-32-0051	3113 6th Street North
10-029-24-32-0059	3116 Lyndale Avenue North
10-029-24-32-0161	3110 Lyndale Avenue North
10-029-24-32-0193	617 Lowry Avenue North

The TIF District Boundary Map is attached as Exhibit 1.

The TIF District is located within the existing West Lowry Avenue Redevelopment Project. A map showing the TIF District's location within the Redevelopment Project is also included in Exhibit 1.

III. Type of TIF District

The Hawthorne EcoVillage Apartments 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 Hawthorne EcoVillage Apartments 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

The development site at the southeast corner of the intersection of Lyndale and Lowry Avenues North in the Hawthorne neighborhood of north Minneapolis is within the West Lowry Avenue Redevelopment Project. The vacant site consists of a total of five parcels, all

owned by the City. The developer, Project for Pride in Living (PPL), has an Exclusive Development Rights Agreement in place with the City for all five parcels.

The development site is located within the four-block Hawthorne EcoVillage, a multi-phase community effort to build sustainable, affordable "green living" residences. The EcoVillage is planned as an innovative, sustainable neighborhood focusing on restoring balance to natural systems, supporting resident health, and cultivating a strong sense of community. Partners include the City of Minneapolis, Family Housing Fund, Hawthorne Neighborhood Council, Hennepin County, Mississippi Watershed Management Organization, Project for Pride in Living, and Twin Cities Habitat for Humanity.

The Hawthorne EcoVillage Apartments development will include new construction of a total of 75 units of affordable rental housing in a 71-unit apartment building and two townhomes containing a total of four units. The project will have a mix of one-, two-, and three-bedroom units affordable to households at or below 50 percent of the Area Median Income (AMI). Up to four of the apartments will be set aside for those experiencing long-term homelessness and earning at or below 30 percent of AMI.

The apartment building will be four stories above grade on the west portion of the site and three stories on the remainder of the site. The townhomes are to be two levels with a single tuck-under garage. Amenities include an on-site property management office, community room, exercise room, outdoor play area, public art, in-unit washers and dryers, dishwashers, outdoor bicycle racks, and indoor bicycle storage. There will be up to 70 spaces of underground parking for residents.

Hawthorne EcoVillage Apartments will be the first higher density housing development on Lowry Avenue North since reconstruction of the roadway in 2008, and will set the tone for quality and design. The project will help revitalize the Lyndale and Lowry intersection and is expected to be a catalyst for additional housing development in the area.

Located on a transit corridor, the site has ready access to public transportation on Lyndale and Lowry Avenues North and good access to both the near northern suburbs and the downtown core. Redevelopment of the site is a key element of the City's investment in north Minneapolis and is a vital component of the revival of Lowry Avenue North.

The project will be owned by Hawthorne EcoVillage Apartments Limited Partnership. National Equity Fund will be the syndicator, PPL Hawthorne EcoVillage Apartments LLC will be the managing general partner, and PPL Service Corporation will be the co-general partner.

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

B. Property That May Be Acquired

All of the property within the TIF District is owned by the City of Minneapolis.

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 $18 million. The maximum amount of project costs that can be paid utilizing tax increment revenues generated from within the Hawthorne EcoVillage Apartments 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	$1,380,000
Total Sources	$1,380,000
Uses	
Affordable Housing Construction	$ 722,300
Pay-As-You-Go Note Interest	519,700
City Administration Costs	138,000
Total Uses	$1,380,000

B. Maximum Bonds to be Issued

The City does not currently anticipate issuing any tax increment bonds for the Hawthorne EcoVillage Apartments project. It is anticipated that the City will issue the developer a pay-as-you-go TIF note in an amount not to exceed $722,300. 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 housing revenue bond proceeds, other sources of funding to construct the project may include deferred developer fees; the City's Affordable Housing Trust Fund; City Non Profit Administrative funds; Neighborhood Revitalization Program funds; Minnesota Housing; Hennepin County Affordable Housing Incentive Fund, Environmental Response Fund and Transit-Oriented Development grant funds; Metropolitan Council Livable Communities Demonstration Account and Local Housing Incentives Account grant funds; Federal Home Loan Bank Affordable Housing Program funds; Home Depot Foundation grant funds; and Mississippi Watershed Management Organization grants.

D. Original Net Tax Capacity

The property in the TIF District has an estimated market value (EMV) of $280,600 (as assessed in 2015 for taxes payable in 2016). Upon project completion, it is projected that the original net tax capacity (ONTC) of the TIF District will be approximately $2,105.

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 2016, which is not yet available. For the purpose of calculating the hypothetical impact on other taxing jurisdictions, the total tax capacity rate for taxes payable in 2015 was used (see Section VIII). For tax increment projection purposes, a total tax capacity rate of 140% was assumed.

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 and industrial property located within the TIF District will be made from "outside" the TIF District (M.S. Section 469.177, Subd. 3, Paragraph (a)). It is anticipated that all development within the TIF District will be residential, with no commercial or industrial components.

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 $5,700,000 and the total net tax capacity (NTC) will be $42,750. The captured net tax capacity of the TIF District at completion is therefore projected to be $40,645.

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, it may be assumed for the purpose of analysis that the proposed development would occur without tax increment financing assistance. Under this assumption the estimated captured net tax capacity at project completion would be immediately available to the applicable taxing jurisdictions, and the resulting property taxes would be as follows:

Taxing Jurisdiction	Pay 2015 Tax Capacity Rate	Property Taxes Resulting From $40,646 in Captured Net Tax Capacity
City of Minneapolis	66.333%	$ 26,962
Hennepin County	46.154	18,760
Minneapolis Special School District No. 1	22.235	9,038
Other	8.987	3,653
Total	143.709%	$58,413

Fiscal and Economic Implications of the TIF District

The estimated amount of total tax increment that would be distributed to the City over the maximum duration of the TIF District is $1,379,790.

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 15.5 percent of the total tax rate, would equal approximately $213,867.

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 32.1 percent of the total tax rate, would equal approximately $442,913.

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 Hawthorne EcoVillage Apartments 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 75 affordable rental units within the project. Without tax increment financing assistance, the project would not be built as proposed; rather, the site would remain vacant for the foreseeable future.

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 Hawthorne EcoVillage Apartments site is proximate to jobs along the Lowy Avenue North and Lyndale Avenue North Community Corridors, in the near north suburbs, and in the downtown core. The site has good access to transit, with two bus routes immediately adjacent to the site and other bus routes only a few blocks away, and a bikeway along Lowry Avenue North. As designated Commercial Corridors, Lowry and Lyndale are part of the City's primary transit network. Interstate 94 is three blocks to the east, and access to the freeway is available six blocks to the north at Dowling Avenue.

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, with an emphasis on providing affordable housing, 2) eliminate blighting influences, and 3) increase the 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.

Exhibit 1

Hawthorne EcoVillage Apartments TIF District Boundary Map

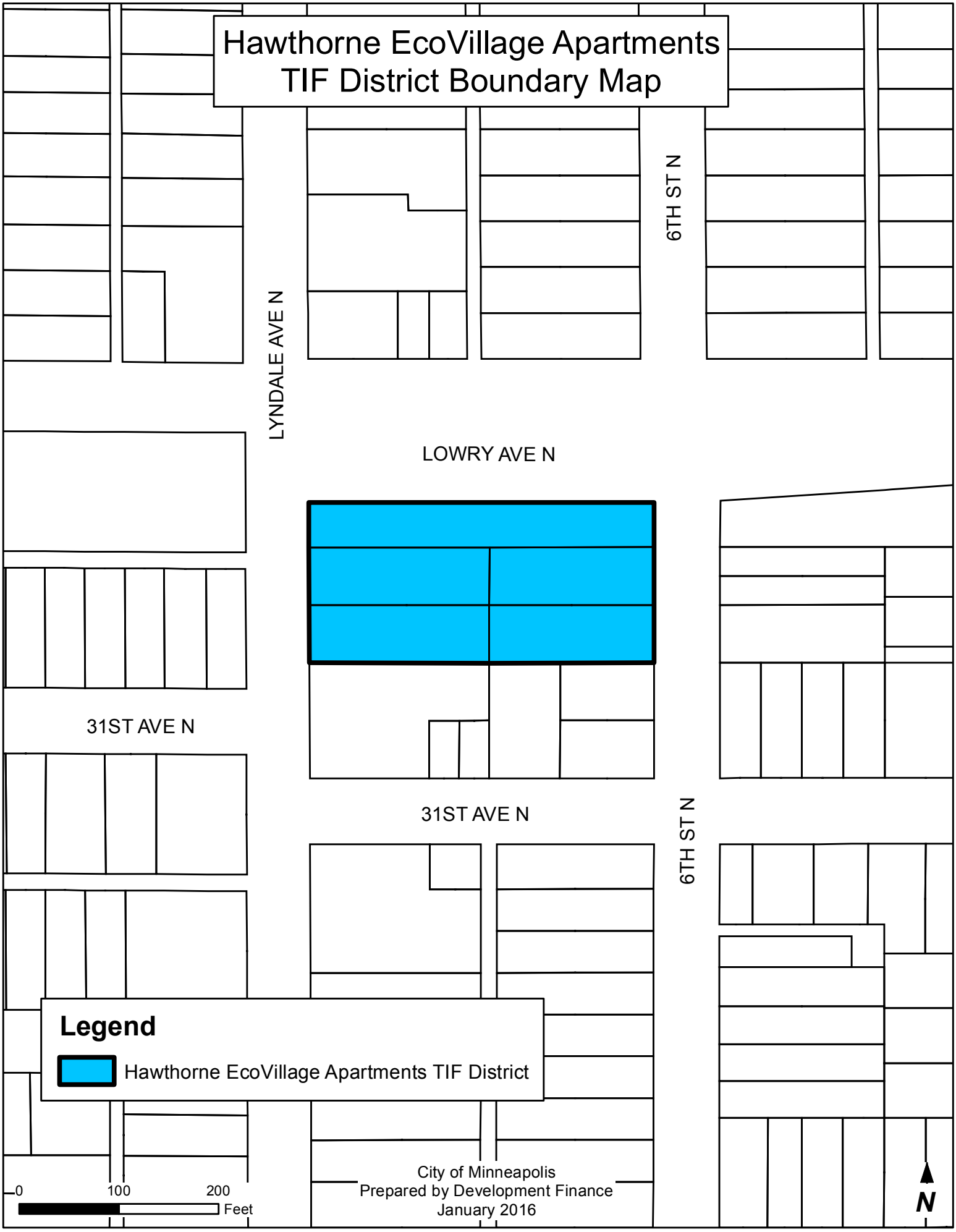

Exhibit 1

West Lowry Avenue Redevelopment Project Boundary Map

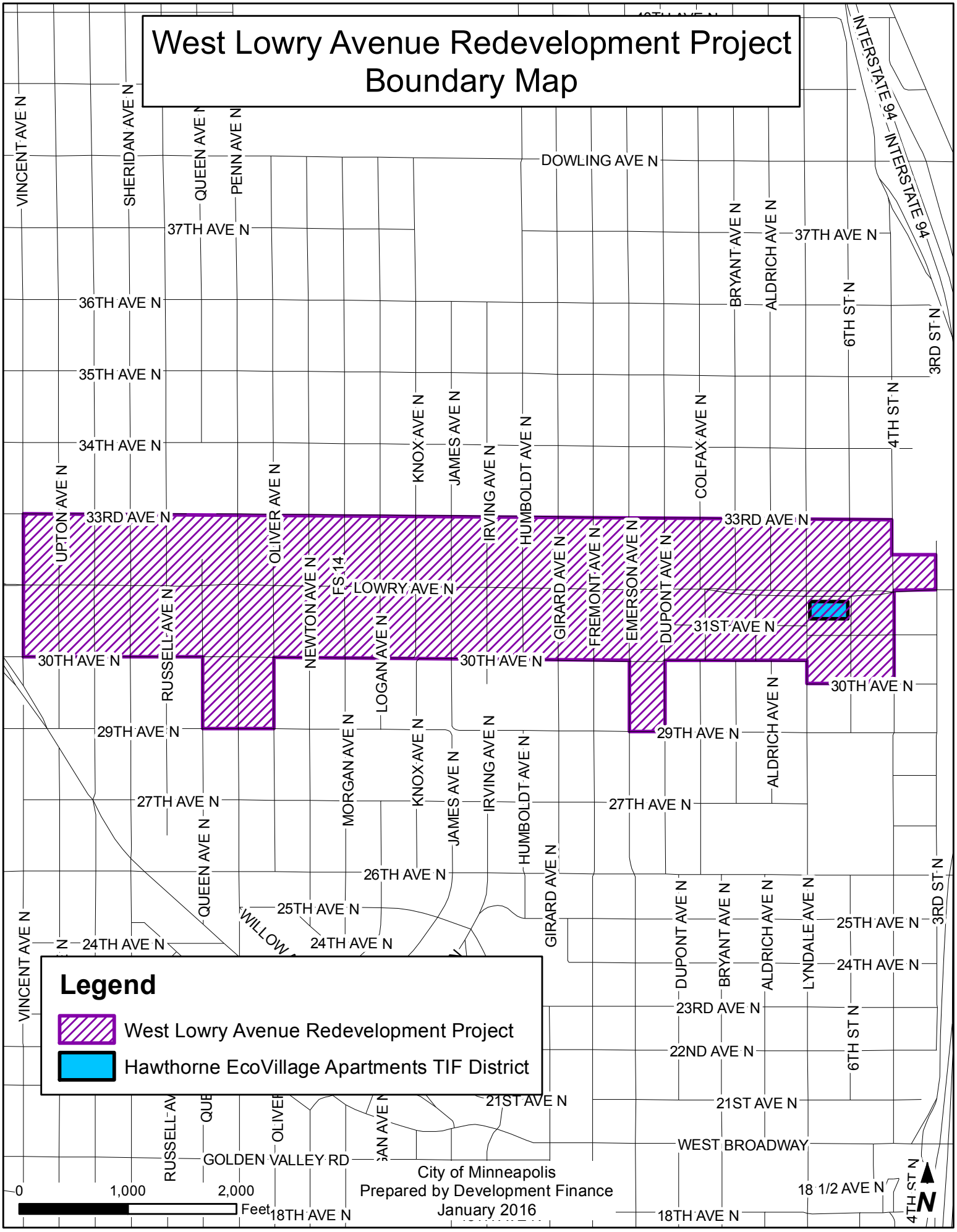

Exhibit 2

Documentation of Eligibility

The purpose of this exhibit is to describe the conditions that qualify the Hawthorne EcoVillage Apartments 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 of the 75 units in the Hawthorne EcoVillage Apartments development will be occupied by households whose income is 50 percent or less of Area Median Income, and thus the project meets both tests.

Compliance with Requirement 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. There will be no non-residential uses in the Hawthorne EcoVillage Apartments development.

Exhibit 3

Assumptions Schedule

Hawthorne EcoVillage Apartments - TIF Plan
EMV Upon Completion = $5,700,000 (75 Apartments)
Pay-As-You-Go Note = $722,300

Type of Tax Increment Financing District	Housing
Maximum Duration of TIF District	26 Years of Tax Increment Collection
Certification Request Date	05/15/16
Decertification Date	12/31/42 (Years of Increment = 26)

Construction Year =	2015	2016	2017	2018
Assessment Year =	2016	2017	2018	2019
Taxes Payable Year =	2017	2018	2019	2020
Housing Property				
EMV Upon Completion		$5,700,000	$5,700,000	$5,700,000
Percent Complete		30%	90%	100%
Total Estimated Market Value	$285,000	$1,710,000	$5,130,000	$5,700,000
Percent of Housing Property - Class 4a	100%	100%	0%	0%
Percent of Housing Property - Class 4d	0%	0%	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)	$3,563	$21,375	$38,475	$42,750

Assessment Year =	2015	2016	2017	2018	2019
Taxes Payable Year =	2016	2017	2018	2019	2020
Original EMV (1)	$280,600	$280,600	$280,600	$280,600	$280,600
Times: Class Rate	1.25%	1.25%	1.25%	0.75%	0.75%
Original Net Tax Capacity	$3,508	$3,508	$3,508	$2,105	$2,105

Total Tax Capacity Rate	140.000%
City Administrative Fee	10.00%
Pay-As-You-Go Note	
Interest Start Date	12/15/16
Annual Interest Rate	4.15%

Notes

1. Original EMV is based on the property's assessed valuation as of January 2, 2015.

Exhibit 4

Projected Tax Increment Schedule

Hawthorne EcoVillage Apartments - TIF Plan
EMV Upon Completion = $5,700,000 (75 Apartments)
Pay-As-You-Go Note = $722,300

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)	Less: Pooling for Housing @ 0.00% (11)	Equals: Net Tax Increment (12)
12/31/16	3,508	3,508	0	0	140.000%	0	0	0	0	0	0
12/31/17	3,563	3,508	0	55	140.000%	77	0	77	8	0	69
12/31/18	21,375	3,508	0	17,867	140.000%	25,014	90	24,924	2,492	0	22,432
12/31/19	38,475	2,105	0	36,370	140.000%	50,918	183	50,735	5,074	0	45,661
12/31/20	42,750	2,105	0	40,645	140.000%	56,903	205	56,698	5,670	0	51,028
12/31/21	42,750	2,105	0	40,645	140.000%	56,903	205	56,698	5,670	0	51,028
12/31/22	42,750	2,105	0	40,645	140.000%	56,903	205	56,698	5,670	0	51,028
12/31/23	42,750	2,105	0	40,645	140.000%	56,903	205	56,698	5,670	0	51,028
12/31/24	42,750	2,105	0	40,645	140.000%	56,903	205	56,698	5,670	0	51,028
12/31/25	42,750	2,105	0	40,645	140.000%	56,903	205	56,698	5,670	0	51,028
12/31/26	42,750	2,105	0	40,645	140.000%	56,903	205	56,698	5,670	0	51,028
12/31/27	42,750	2,105	0	40,645	140.000%	56,903	205	56,698	5,670	0	51,028
12/31/28	42,750	2,105	0	40,645	140.000%	56,903	205	56,698	5,670	0	51,028
12/31/29	42,750	2,105	0	40,645	140.000%	56,903	205	56,698	5,670	0	51,028
12/31/30	42,750	2,105	0	40,645	140.000%	56,903	205	56,698	5,670	0	51,028
12/31/31	42,750	2,105	0	40,645	140.000%	56,903	205	56,698	5,670	0	51,028
12/31/32	42,750	2,105	0	40,645	140.000%	56,903	205	56,698	5,670	0	51,028
12/31/33	42,750	2,105	0	40,645	140.000%	56,903	205	56,698	5,670	0	51,028
12/31/34	42,750	2,105	0	40,645	140.000%	56,903	205	56,698	5,670	0	51,028
12/31/35	42,750	2,105	0	40,645	140.000%	56,903	205	56,698	5,670	0	51,028
12/31/36	42,750	2,105	0	40,645	140.000%	56,903	205	56,698	5,670	0	51,028
12/31/37	42,750	2,105	0	40,645	140.000%	56,903	205	56,698	5,670	0	51,028
12/31/38	42,750	2,105	0	40,645	140.000%	56,903	205	56,698	5,670	0	51,028
12/31/39	42,750	2,105	0	40,645	140.000%	56,903	205	56,698	5,670	0	51,028
12/31/40	42,750	2,105	0	40,645	140.000%	56,903	205	56,698	5,670	0	51,028
12/31/41	42,750	2,105	0	40,645	140.000%	56,903	205	56,698	5,670	0	51,028
12/31/42	42,750	2,105	0	40,645	140.000%	56,903	205	56,698	5,670	0	51,028
						$1,384,778	$4,988	$1,379,790	$137,984	$0	$1,241,806

Exhibit 5
Market Value Test Schedule

Valuation and Tax Increment Assumptions

Payable Year --->	2017	2018	2019	2020
Total Estimated Market Value (EMV)	$285,000	$1,710,000	$5,130,000	$5,700,000
Less: Original EMV	280,600	280,600	280,600	280,600
Captured EMV	$4,400	$1,429,400	$4,849,400	$5,419,400
Total Net Tax Capacity (NTC)	$3,563	$21,375	$38,475	$42,750
Less: Original NTC	3,508	3,508	2,105	2,105
Captured NTC	$55	$17,867	$36,370	$40,645
Times: Projected Total Tax Rate	140.000%	140.000%	140.000%	140.000%
Gross Tax Increment	$77	$25,014	$50,918	$56,903
Less: State Auditor's Fee (.36%)	0	90	183	205
Tax Increment Distributed to City	$77	$24,924	$50,735	$56,698

26 Years of TI Collection

Years of TIF Collection	Payable Year	Tax Increment Distributed To City
1	2016	$0
2	2017	77
3	2018	24,924
4	2019	50,735
5	2020	56,698
6	2021	56,698
7	2022	56,698
8	2023	56,698
9	2024	56,698
10	2025	56,698
11	2026	56,698
12	2027	56,698
13	2028	56,698
14	2029	56,698
15	2030	56,698
16	2031	56,698
17	2032	56,698
18	2033	56,698
19	2034	56,698
20	2035	56,698
21	2036	56,698
22	2037	56,698
23	2038	56,698
24	2039	56,698
25	2040	56,698
26	2041	56,698
27	2042	56,698
28	2043	0
		$1,379,790
P.V. @	**5.00%**	**$727,148**

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	$280,600
(b) Original estimated market value	280,600
(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.	$5,419,400
(e) Present value of the projected tax increment for the maximum duration of the district	727,148
(f) Difference = (d) - (e)	$4,692,252

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

URBANWORKS ARCHITECTURE

PPL

Hawthorne EcoVillage

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1 VIEW FROM LOWRY & LYNDALE

URBANWORKS ARCHITECTURE

PPL

Hawthorne EcoVillage

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COURTYARD VIEW

Exhibit 6

URBANWORKS ARCHITECTURE

PPL

Hawthorne EcoVillage

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NORTH

LEVEL 1
SITE PLAN