

**City of Minneapolis  
Request for Committee Action**

**To:** Community Development & Regulatory Services  
**Date:** 11/15/2016  
**Referral:** Ways & Means  
**From:** Community Planning & Economic Development  
**Lead Staff:** Mark Winkelhake, Director Development Finance (x5105)  
**Presented by:** Mark Winkelhake  
**File Type:** Resolution  
**Subcategory:** Development Project

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**Subject:**

Modifications to the TIF Plans for TIF Districts No. 71 (UVB Site), No. 75 (Housing Replacement District I), No. 85 (Phillips Park), and No. 121 (Parcel C).

**Description:**

Passage of resolution approving four TIF plan modifications that amend each TIF district's tax increment budget to authorize increased revenues and expenditures that will allow the City to meet its commitments to outstanding pay-go TIF notes, the Affordable Housing Trust Fund, and ongoing activities in the Housing Replacement District.

**Previous Actions:**

The City Council approved the following TIF districts and previously modified their TIF plans on the dates indicated below:

| <u>TIF District No. (Name)</u>    | <u>Approval Date</u> | <u>Previous TIF Plan Modification Date</u> |
|-----------------------------------|----------------------|--|
| 71 (UVB Site)                     | 12/29/95             | 10/21/11                                   |
| 75 (Housing Replacement District) | 8/9/96               | 12/18/09                                   |
| 85 (Phillips Park)                | 9/26/97              | 10/27/00                                   |
| 121 (Parcel C)                    | 12/14/01             | 9/3/10                                     |

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**Ward/Address:**

All Wards

**Background/Analysis:**

When a tax increment financing (TIF) district is established in the City of Minneapolis, the City Council approves a TIF plan for each district. The TIF plan describes the boundaries of the TIF district, the anticipated development in the TIF district, the type and duration of the TIF district, a tax increment budget, and additional information that is required by the TIF Act (M.S. Sections 469.174-469.1799): The tax increment budget indicates the maximum amount of tax increment that can be collected and expended from the TIF district.

City staff tracks and accounts for the collection and expenditure of all tax increment revenues from each TIF district in the City, and this information is annually reported to the Office of the State Auditor (OSA). If it is projected in the next few years that total tax increment revenues

and expenditures from a TIF district will exceed the amounts listed in its tax increment budget, then this tax increment budget needs to be modified. Although these modifications are often administrative in nature, they do require a public hearing if the tax increment budget is being increased.

It is currently projected that tax increment revenues and expenditures in TIF Districts No. 71 (UVB Site), No. 75 (Housing Replacement District), No. 85 (Phillips Park), and No. 121 (Parcel C) will exceed their tax increment budgets in the next several years. Therefore, four TIF plan modifications have been prepared. These modifications increase each TIF district's budget and contain a map showing the location of the TIF district (except for the Housing Replacement District which contains parcels throughout the City). Since TIF Districts No. 71 and 85 are located in the Common Project area of the City, Modifications No. 127 and 128 to the Common Tax Increment Plan are also included.

Modification No. 127 to the Common Development and Redevelopment Plan and Common Tax Increment Financing Plan and Modification No. 2 to the UVB Site Tax Increment Finance Plan (see attached) increases projected tax increment revenue by \$80,000 and increases interest expenses by the same amount. None of the other listed uses have been changed.

Modification No. 2 to the Housing Replacement District Plan (see attached) increases projected tax increment revenue by \$1,350,000. Total uses are also increased by the same amount, and include a \$500,000 increase in land/building costs, a \$590,000 increase in site improvement costs, and a \$260,000 increase in administrative costs.

Modification No. 128 to the Common Development and Redevelopment Plan and Common Tax Increment Financing Plan and Modification No. 2 to the Phillips Park Tax Increment Finance Plan (see attached) increases projected tax increment revenue by \$147,058 and increases interest expenses by the same amount. None of the other listed uses have been changed.

Modification No. 2 to the Parcel C Tax Increment Finance Plan (see attached) increases projected tax increment revenue by \$1,382,003 and increases interest expenses by the same amount. None of the other listed uses have been changed.

**Financial Review:**  
**No financial impact.**

**Attachments:**

1. Modification No. 127 to the Common Development and Redevelopment Plan and Common Tax Increment Financing Plan and Modification No. 2 to the UVB Site Tax Increment Finance Plan
2. Modification No. 2 to the Housing Replacement District Plan
3. Modification No. 128 to the Common Development and Redevelopment Plan and Common Tax Increment Financing Plan and Modification No. 2 to the Phillips Park Tax Increment Finance Plan
4. Modification No. 2 to the Parcel C Tax Increment Finance Plan
5. Resolution approving the four TIF plan modifications