



Currie Park
Redevelopment Plan

Revised Draft for Public Review
October 4, 2013

Currie Park Redevelopment Plan

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Exhibits

1. Project Boundary and Future Land Use Map
2. Project Area Report
3. Site Plan and Rendering

Currie Park Redevelopment Plan

I. Introduction

Three plan documents have been prepared to facilitate the development of Five15 on the Park, a 259-unit mixed-income transit-oriented rental housing project with approximately 5,000 square feet of ground-level neighborhood-serving commercial space and an underground garage in a new six-story building at the intersection of 6th Street South and 15th Avenue South in the Cedar-Riverside/West Bank area of Minneapolis:

- The Currie Park Tax Increment Financing (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.
- This Currie Park Redevelopment Plan establishes a new redevelopment project within which the Currie Park TIF District will be located.
- Modification No. 8 to the Cedar-Riverside Urban Renewal Plan removes the properties within the Currie Park Redevelopment Project Area from the Cedar-Riverside Urban Renewal Area through a project boundary change. The properties will remain within the boundary of the Common Development and Redevelopment Project.

This Redevelopment Plan establishes a new redevelopment project and identifies its boundary, redevelopment objectives and land use provisions.

II. Description of Project

A. Boundary of Redevelopment Project

Under the authority of Minnesota Statutes Sections 469.001 to 469.047 (the Housing and Redevelopment Authorities Act), approval of this Redevelopment Plan establishes a new redevelopment project as defined in Minnesota Statutes Section 469.002, Subdivision 14.

The proposed Currie Park Redevelopment Project is located at the intersection of 6th Street South and 15th Avenue South in the Cedar Riverside neighborhood of Minneapolis. The Project Area consists of six tax parcels and portions of two additional tax parcels identified below by their current Property Identification Numbers (PINs) and current addresses.

Property Identification Number	Property Address	Portion of Parcel Included in Project Area
26-029-24-41-0062	1500 6 th Street South	Entire parcel
26-029-24-41-0063	1506 6 th Street South	Entire parcel
26-029-24-41-0064	1514 6 th Street South	Entire parcel
26-029-24-41-0065	1515 5 th Street South	Entire parcel
26-029-24-41-0066	1507 5 th Street South	Entire parcel
26-029-24-41-0067	1505 5 th Street South	Entire parcel
26-029-24-14-0082	1500 5 th Street South	Southerly 14.06 feet
26-029-24-14-0083	1506 5 th Street South	Southerly 14.03 feet

Currie Park Redevelopment Plan

The City Planning Commission approved the final plat application for these properties on August 26, 2013. New PINs will be assigned upon filing of the plat. The new legal description of the property to be included in the Project Area is anticipated to be Lot 1, Block 1, FiveFifteen Addition.

The Project Boundary and Future Land Use Map is included in this Redevelopment Plan as Exhibit 1. Documentation of the property's eligibility as a redevelopment project area is presented in Exhibit 2.

B. Objectives of Redevelopment Plan

The City of Minneapolis seeks to achieve the following objectives through this Redevelopment 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 development.
- Increase the property tax base.

C. Types of Redevelopment Activities

The objectives of this Redevelopment Plan may be accomplished through the following public and private redevelopment activities: site preparation, public improvements, new construction, project administration and other related activities.

D. Public Purpose

Public purposes of this Redevelopment Plan include removal of blight or the causes of blight, redevelopment of an underused parcel, provision of housing units, promotion of transit-oriented development, and tax base enhancement.

E. Citizen Participation

The West Bank Community Coalition (WBCC) is the recognized neighborhood group for the project area.

WBCC will be given the opportunity to review and comment on this Redevelopment Plan prior to consideration of the plan by the City Council.

F. Public Financing

Potential sources of public financing include tax increment financing, housing revenue bonds, the City's Affordable Housing Trust Fund, federal tax credits, Minnesota Housing funds, and state and local environmental and development grants.

III. Land Use Plan

A. Future Land Use

The designated future land use within the Currie Park Redevelopment Project area is Urban Neighborhood.

The City's comprehensive plan designates the site's future land use as Urban Neighborhood, which can include residential as well as neighborhood-serving commercial and other compatible uses.

The Project Boundary and Land Use Map is included in this Redevelopment Plan as Exhibit 1.

B. Conformance with Approved City Plans

The proposed development conforms to City-approved plans and ordinances.

The Minneapolis Plan for Sustainable Growth

The Minneapolis Plan for Sustainable Growth, the City's comprehensive plan, indicates the redevelopment area is located within the Cedar Riverside Transit Station Area, which generally supports high density transit-oriented development. The plan indicates the land use for the Currie Park Redevelopment Plan is Urban Neighborhood, which is consistent with a vision for primarily residential development with neighborhood-serving commercial uses, as proposed.

The Minneapolis Plan for Sustainable Growth describes Transit Station Areas as follows:

Area within ½ mile radius of a fixed-route transit station, including light rail, commuter rail, or busway.

The Minneapolis Plan for Sustainable Growth describes Urban Neighborhood Areas as follows:

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.

The proposed development conforms to the following comprehensive plan policies:

Policy 1.13: Support high density development near transit stations in ways that encourage transit use and contribute to interesting and vibrant places.

1.13.1 Encourage pedestrian-oriented services and retail uses as part of higher density development near transit stations.

1.13.2 Pursue opportunities to integrate existing and new development with transit stations through joint development.

Currie Park Redevelopment Plan

- 1.13.3 Discourage uses that diminish the transit and pedestrian character of areas around transit stations, such as automobile services, surface parking lots, and drive-through facilities.
- 1.13.4 Encourage architectural design, building massing and site plans to create or improve public and semi-public spaces near the station.
- 1.13.5 Concentrate highest densities and mixed use development adjacent to the transit station and along connecting corridors served by bus.
- 1.13.6 Encourage investment and place making around transit stations through infrastructure changes and the planning and installation of streetscape, public art, and other public amenities.

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.
- 3.1.2 Use planning processes and other opportunities for community engagement to build community understanding of the important role that urban density plays in stabilizing and strengthening the city.
- 3.1.3 Continue to streamline city development review, permitting, and licensing to make it easier to develop property in the City of Minneapolis.

Policy 3.5: Improve the stability and health of communities of concentrated disadvantage through market building strategies, and strategies that preserve and increase home ownership.

- 3.5.1 Work to improve the stability and sustainability of the city's disadvantaged communities by taking measures to diversify the household mix and allay historic patterns of concentration of poverty.
- 3.5.2 Pursue an integrated array of development and revitalization strategies to attract a broadened socio-economic mix of residents to communities of concentrated disadvantage.

Small Area Plan

The Cedar Riverside Small Area Plan was approved by the City Council on April 18, 2008. It has since been incorporated as part of *The Minneapolis Plan for Sustainable Growth*, the City's comprehensive plan. The proposed redevelopment project falls within the plan's study area and recommendations.

The proposed uses are consistent with the small area plan. On the plan's land use map, this area is shown with two designations: High Density Residential for the majority of the parcels in the project area, with one shown as Mixed Use. Additionally, the plan states:

Maintain land use largely as is with incremental change and infill consistent with surrounding character.

Currie Park Redevelopment Plan

Focus the most intensive development near future transit stops and existing commercial areas and encourage the provision of open space and active stormwater management in new developments.

Infill housing within the interior of the neighborhood should be complementary in bulk and height to adjacent uses.

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 project area is zoned R6 (Multiple-family) District, with the Cedar-Riverside Transit Station Area (TSA), Pedestrian-Oriented (PO) Overlay District and the University Area (UA) Overlay District. This is appropriate zoning to facilitate the above noted goals of the comprehensive plan and the Cedar Riverside Small Area Plan.

This project was brought through the City's development review process, and was approved by the City Planning Commission on March 4, 2013. The land use applications required included a conditional use permit for a planned unit development, site plan review, and several variances related to site and development standards. All applications were approved. A subsequent appeal of the approvals was denied by the City Council on June 28, 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 terms and conditions, including land use restrictions.

IV. Project Proposals

A. Proposed Development Activity

Currie Park Developments, LLC, an affiliate of Fine Associates, LLC, proposes to develop Five15 on the Park, a rental housing project, on its property at 515 15th Avenue South. The 1.75-acre development site faces Currie Park and is adjacent to Riverside Plaza and the Mixed Blood Theater, within the Cedar Riverside neighborhood and West Bank area of Minneapolis.

Development activity will include construction of a 259-unit six-story mixed-income transit-oriented rental housing project with approximately 5,000 square feet of ground-level neighborhood-serving commercial space and an underground garage and other structured parking containing a total of 242 stalls. Bike racks will provide stalls available to residents, guests and the commercial space users.

At least 20% of the units (or 52 units) will be affordable at 50% of the Area Median Income (AMI), and an additional 30% of the units (or 78 units) will be affordable at 60% of AMI. The remaining 129 units will not carry income or rent restrictions. The residential units will be one-, two- and three-bedroom apartments and studios.

Currie Park Redevelopment Plan

Features of the building will include walk-up units along both 15th Avenue South and 6th Street South, a landscaped courtyard facing 6th Street South, and a second-floor terrace.

A site plan and rendering of the anticipated development are provided in Exhibit 3.

B. Property Acquisition

The City does not currently intend to acquire any property within the Redevelopment Project.

C. Relocation

It is not anticipated that any businesses or residents will be displaced by public redevelopment activities within the project area.

D. Redevelopers' Obligations

The requirements imposed upon redevelopers, their successors or assigns, will be established in a development agreement between the City and the developer of property within the project area.

V. Official Action to Carry Out Redevelopment Plan

Minnesota law requires that the Minneapolis City Planning Commission review this Redevelopment Plan and that its written opinion, if any, accompany the Redevelopment Plan when it is officially submitted to the City Council for approval (Minnesota Statutes, Section 469.027).

In approving this Redevelopment Plan, the City Council is responsible for carrying out those elements of the plan requiring official action by the City.

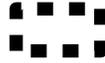
VI. Procedure for Changes in Approved Redevelopment Plan

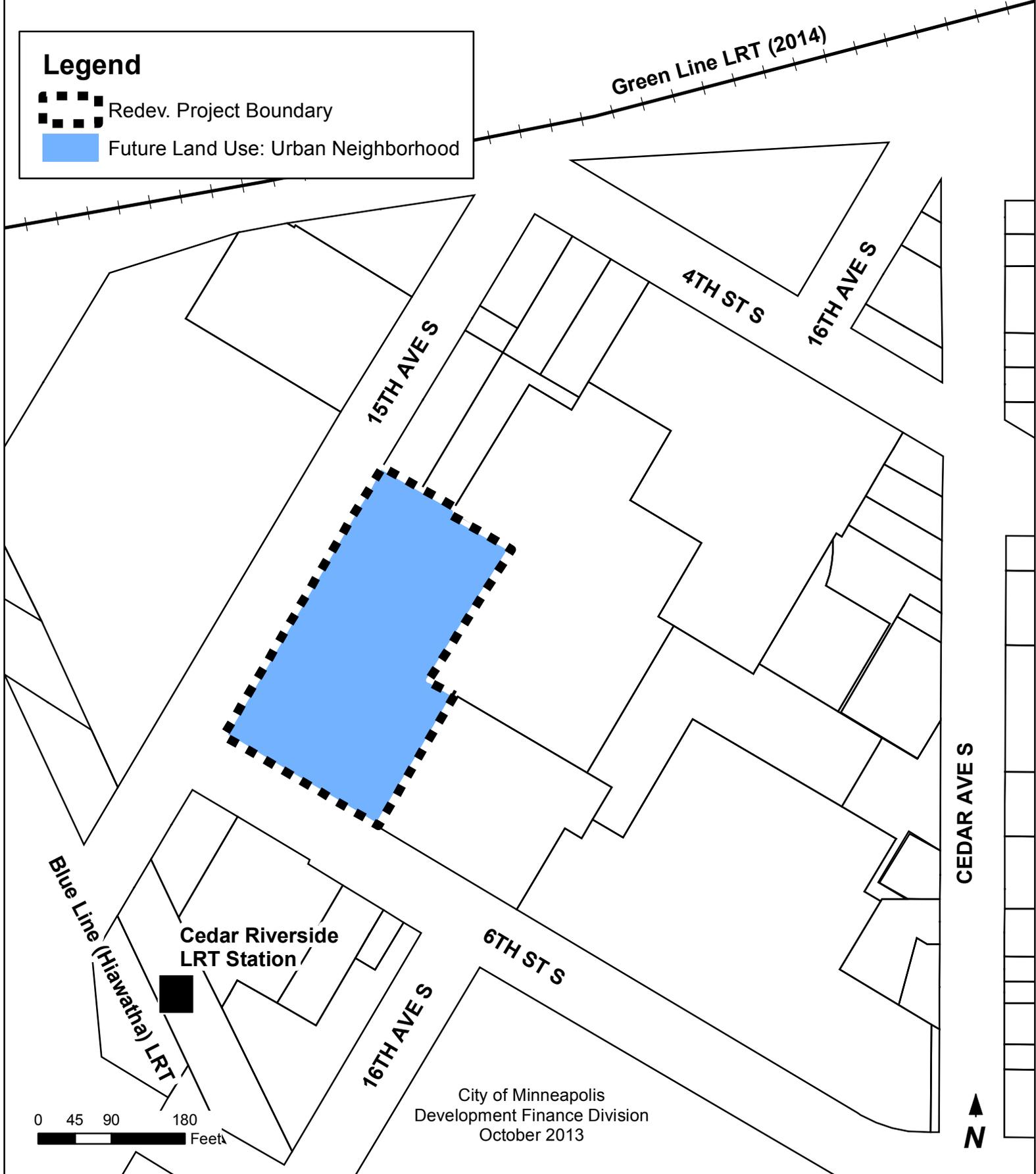
This Redevelopment Plan may be modified as provided in Minnesota Statutes, Section 469.029, Subdivision 6:

A redevelopment plan may be modified at any time. The modification must be adopted by the authority and the governing body of the political subdivision in which the project is located, upon the notice and after the public hearing required for the original adoption of the redevelopment plan. If the authority determines the necessity of changes in an approved redevelopment plan or approved modification thereof, which changes do not alter or affect the exterior boundaries, and do not substantially alter or affect the general land uses established in the plan, the changes shall not constitute a modification of the redevelopment plan nor require approval by the governing body of the political subdivision in which the project is located.

Currie Park Redevelopment Project Boundary & Future Land Use Map

Legend

-  Redev. Project Boundary
-  Future Land Use: Urban Neighborhood



City of Minneapolis
Development Finance Division
October 2013

Currie Park Redevelopment Plan

Project Area Report

The conditions that qualify the proposed Currie Park Redevelopment Project as a redevelopment project as defined in Minnesota Statutes Section 469.002, Subdivisions 11 and 14 and Section 469.028, Subdivision 3 are described below.

Statutory Definitions

Minnesota Statutes Section 469.002, Subdivision 14 includes in its definition of a redevelopment project “any work or undertaking to acquire blighted areas and other real property for the purpose of removing, preventing, or reducing blight, blighting factors, or the causes of blight.”

A “blighted area” is defined in Minnesota Statutes Section 469.002, Subdivision 11 as “any area with buildings or improvements which, by reason of dilapidation, obsolescence, overcrowding, faulty arrangement or design, lack of ventilation, light, and sanitary facilities, excessive land coverage, deleterious land use, or obsolete layout, or any combination of these or other factors, are detrimental to the safety, health, morals, or welfare of the community.”

Minnesota Statutes Section 469.028, Subdivision 3 provides that “a redevelopment project may include any work or undertaking to acquire open or undeveloped land determined to be blighted by virtue of the following conditions:

- (1) unusual and difficult physical characteristics of the ground;
- (2) the existence of faulty planning characterized by the subdivision or sale of lots laid out in disregard of the contours or of irregular form and shape or of inadequate size; or
- (3) a combination of these or other conditions which have prevented normal development of the land by private enterprise and have resulted in a stagnant and unproductive condition of land potentially useful and valuable for contributing to the public health, safety, and welfare.”

Description of Project Area

The proposed project area consists of six tax parcels and portions of two additional tax parcels identified below and shown on the Project Boundary and Future Land Use Map (Exhibit 1).

Property Identification Number	Property Address	Portion of Parcel Included in TIF District
26-029-24-41-0062	1500 6 th Street South	Entire parcel
26-029-24-41-0063	1506 6 th Street South	Entire parcel
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Currie Park Redevelopment Plan

The approximately 1.75-acre area is located at the intersection of 6th Street South and 15th Avenue South in the Cedar-Riverside neighborhood and West Bank area of Minneapolis. The parcel at 1500 6th Street South is occupied by a structure. The buildings that once were located on the other parcels were demolished several years ago and the parcels are currently open vacant land with some limited surface parking use.

The two-story brick building at 1500 6th Street South was constructed in 1900 and originally housed the Gluek Brewing Company Saloon. A newer garage is attached to the building. The structure was most recently used as a residence. It is currently vacant. Although the lower level windows and doors are boarded, the building is in fair condition.

The adjacent parcel at 1506 6th Street South has some bituminous pavement in poor condition and is used for permitted surface parking.

The remainder of the area is open space with remnants of driveways, sidewalks and curb cuts. Non-paved areas are covered by grass and weeds.

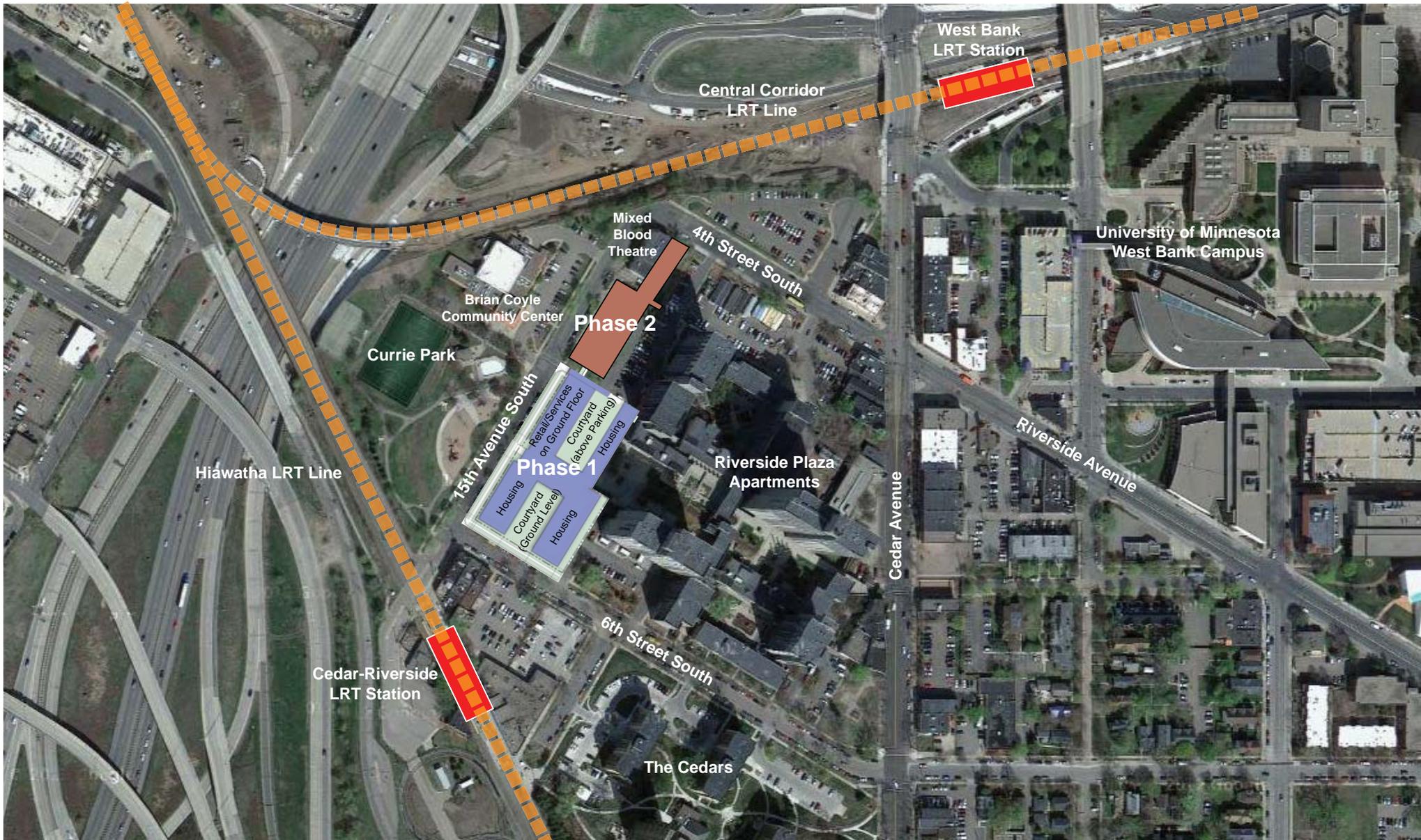
The properties are located within an area designated as Urban Neighborhood by the City's comprehensive plan, a category described as a predominantly residential area with a range of densities, with highest densities generally to be concentrated around identified nodes and corridors.

Eligibility

Based on the characteristics of the project area described above, it is determined that the proposed Currie Park Redevelopment Project Area is underutilized and unproductive land, and therefore a blighting influence on the surrounding area. Current conditions are found to be a deleterious land use. This stagnant and unproductive land is potentially useful and valuable for contributing to the public health, safety, and welfare.

The proposed development described in the Currie Park Redevelopment Plan will remove the blighting influence and facilitate the implementation of City land use policies and redevelopment objectives.

Documentation supporting these findings is on file in the office of the City of Minneapolis Development Finance Division, Crown Roller Mill, Suite 575, 105 5th Avenue South, Minneapolis, Minnesota 55401.





BKV
GROUP

Architecture
Interior Design
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Engineering

FIVE15 ON THE PARK
3D RENDERING

08.31.2012 / 1641.01

FINE ASSOCIATES

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Currie Park
Tax Increment Financing Plan

Revised Draft for Public Review
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Currie Park Tax Increment Financing Plan

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Exhibits

1. TIF District Boundary Map
2. Documentation of Eligibility
3. Assumptions Schedule
4. Projected Tax Increment Schedule
5. Market Value Test Schedule
6. Site Plan and Rendering

Currie Park Tax Increment Financing Plan

I. Introduction

Three plan documents have been prepared to facilitate the development of Five15 on the Park, a 259-unit mixed-income transit-oriented rental housing project with approximately 5,000 square feet of ground-level neighborhood-serving commercial space in a new six-story building at the intersection of 6th Street South and 15th Avenue South in the Cedar-Riverside neighborhood and West Bank area of Minneapolis:

- This Currie Park Tax Increment Financing (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 Currie Park Redevelopment Plan establishes a new redevelopment project within which the Currie Park TIF District will be located.
- Modification No. 8 to the Cedar-Riverside Urban Renewal Plan removes the properties within the Currie Park Redevelopment Project Area from the Cedar-Riverside Urban Renewal Area through a project boundary change. The properties will remain within the boundary of the Common Development and Redevelopment Project.

II. TIF District Boundary

The proposed Currie Park TIF District is located at the intersection of 6th Street South and 15th Avenue South in the Cedar-Riverside neighborhood of Minneapolis. The TIF District consists of six tax parcels and portions of two additional tax parcels identified below by their current Property Identification Numbers (PINs) and current addresses.

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The City Planning Commission approved the final plat application for these properties on August 26, 2013. New PINs will be assigned upon filing of the plat. The new legal description of the property to be included in the TIF District is anticipated to be Lot 1, Block 1, FiveFifteen Addition.

The TIF District Boundary Map is attached as Exhibit 1.

III. Type of TIF District

The Currie Park 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 Currie Park 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 development.
- Increase the property tax base.

VI. Proposed Development Activity

A. Description of Proposed Development Activity

Currie Park Developments, LLC, an affiliate of Fine Associates, LLC, proposes to develop Five15 on the Park, a rental housing project, on its property at 515 15th Avenue South. The 1.75-acre development site faces Currie Park and is adjacent to Riverside Plaza and the Mixed Blood Theater, within the Cedar Riverside neighborhood and West Bank area of Minneapolis.

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At least 20% of the units (or 52 units) will be affordable at 50% of the Area Median Income (AMI), and an additional 30% of the units (or 78 units) will be affordable at 60% of AMI. The remaining 129 units will not carry income or rent restrictions. The residential units will be one-, two- and three-bedroom apartments and studios.

Features of the building will include walk-up units along both 15th Avenue South and 6th Street South, a landscaped courtyard facing 6th Street South, and a second-floor terrace.

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.

Currie Park Tax Increment Financing Plan

A. Costs to be Paid with Tax Increment

The total cost of the project is currently estimated to be approximately \$50 million. The maximum amount of project costs that can be paid utilizing tax increment revenues generated from within the Currie Park 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>9,667,700</u>
Total Sources	\$9,667,700

Uses

Affordable Housing Construction	\$ 4,955,600
Pay-As-You-Go Note Interest	3,745,400
City Administration Costs	<u>966,700</u>
Total Uses	\$9,667,700

B. Maximum Bonds to be Issued

It is not anticipated that the City will issue any tax increment bonds for the Five15 on the Park 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 \$4,955,600. 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 revenues 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 Currie Park TIF District fund from other available development revenues of the City in the principal amount needed to offset any negative fund balances incurred with respect to this 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 under 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 District, although as revenues are available in the fund for the 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 Family Housing Fund, the City's

Currie Park Tax Increment Financing Plan

Affordable Housing Trust Fund, Minnesota Housing funds, and Hennepin County and Metropolitan Council grants.

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 \$12,868.

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 \$26,975,000 and the total net tax capacity (NTC) will be \$274,750. The captured net tax capacity of the TIF District at completion is therefore projected to be \$261,882 (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:

Currie Park Tax Increment Financing Plan

Taxing Jurisdiction	Pay 2013 Tax Capacity Rate	Property Taxes Resulting From \$261,882 in Captured Net Tax Capacity
City of Minneapolis	72.717%	\$190,433
Hennepin County	48.924	128,123
Special School District #1	27.218	71,279
Other	<u>9.403</u>	<u>24,625</u>
Total	158.262%	\$414,460

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 \$9,667,769.

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 \$1,662,856.

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 \$2,987,341.

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 Currie Park TIF District would not occur without public participation

Currie Park Tax Increment Financing Plan

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 130 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 urban, pedestrian- and transit-oriented neighborhood within which Five15 on the Park is located is close to major employers such as the University of Minnesota, the Fairview-University Medical Center, the Amplatz Children’s Hospital and Augsburg College, and to numerous smaller Cedar-Riverside businesses. The development site is at a nodal point of the metropolitan transit network, at the convergence of two Light Rail Transit (LRT) lines and in close proximity to the Cedar-Riverside and West Bank LRT stations, as well as three heavily used bus corridors (Cedar, Riverside and Washington Avenues).

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.

Currie Park TIF District Boundary Map

Legend

-  TIF District
-  Cedar Riverside LRT Station
-  Blue (Hiawatha LRT) Line
-  Green Line LRT (2014)



City of Minneapolis
Development Finance Division
October 2013

0 45 90 180 Feet



Documentation of Eligibility

The purpose of this exhibit is to describe the conditions that qualify the Currie Park 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.

Currie Park Tax Increment Financing Plan

- 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.

At least 20 percent of the 259 units (or 52 units) in the Five15 on the Park development will be occupied by individuals whose income is 50 percent or less of the Area Median Income (AMI) and an additional 30 percent of the units (or 78 units) will be affordable at 60 percent of AMI. The remaining 129 units will not carry income or rent restrictions. The project therefore 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 Five15 on the Park development will include approximately 5,000 square feet of non-residential uses, or less than two percent of the total 356,000-square foot development.

Assumptions Schedule

Currie Park TIF Plan

As-developed EMV: \$26,975,000 (\$575,000 Commercial, \$26,400,000 Housing)

Type of Tax Increment Financing District	Housing
Maximum Duration of TIF District	26 Years of Tax Increment Collection
Certification Request Date	12/10/13
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)		\$26,400,000	\$26,400,000	\$26,400,000
Percent Complete		5%	70%	100%
Total Estimated Market Value	\$1,029,400	\$1,320,000	\$18,480,000	\$26,400,000
Percent of Housing Property - Class 4a	100%	100%	50%	50%
Percent of Housing Property - Class 4d	0%	0%	50%	50%
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)	\$12,868	\$16,500	\$184,800	\$264,000

Commercial/Industrial Property

EMV Upon Completion (2)		\$575,000	\$575,000	\$575,000		
Percent Complete		5%	70%	100%		
Total Estimated Market Value	\$0	\$28,750	\$402,500	\$575,000		
Times: First	\$150,000	1.50%	0	431	2,250	2,250
Excess		2.00%	0	0	5,050	8,500
Net Tax Capacity (NTC)		\$0	\$431	\$7,300	\$10,750	
Total Net Tax Capacity (NTC)		\$12,868	\$16,931	\$192,100	\$274,750	

Assessment Year =	2012	2013	2014	2015	2016
Taxes Payable Year =	2013	2014	2015	2016	2017

Original EMV (3)	NA	\$1,029,400	\$1,029,400	\$1,029,400	\$1,029,400
Times: Class Rate	1.25%	1.25%	1.25%	1.25%	1.25%
Original Net Tax Capacity	NA	\$12,868	\$12,868	\$12,868	\$12,868

Pay-As-You-Go Note

Interest Start Date	02/01/14	Total Tax Capacity Rate	150.000%
Annual Interest Rate	4.10%	City Administrative Fee	10.00%

Notes

1. Residential EMV projection based on 259 apartments with average values of \$101,931/unit.
2. Commercial EMV projection based on 5,200 s.f. commercial space with value of approx. \$111/s.f.
3. Original EMV based on 2013 Assessed EMVs, for taxes payable in 2014.

Projected Tax Increment Schedule

Currie Park TIF Plan

As-developed EMV: \$26,975,000 (\$575,000 Commercial, \$26,400,000 Housing)

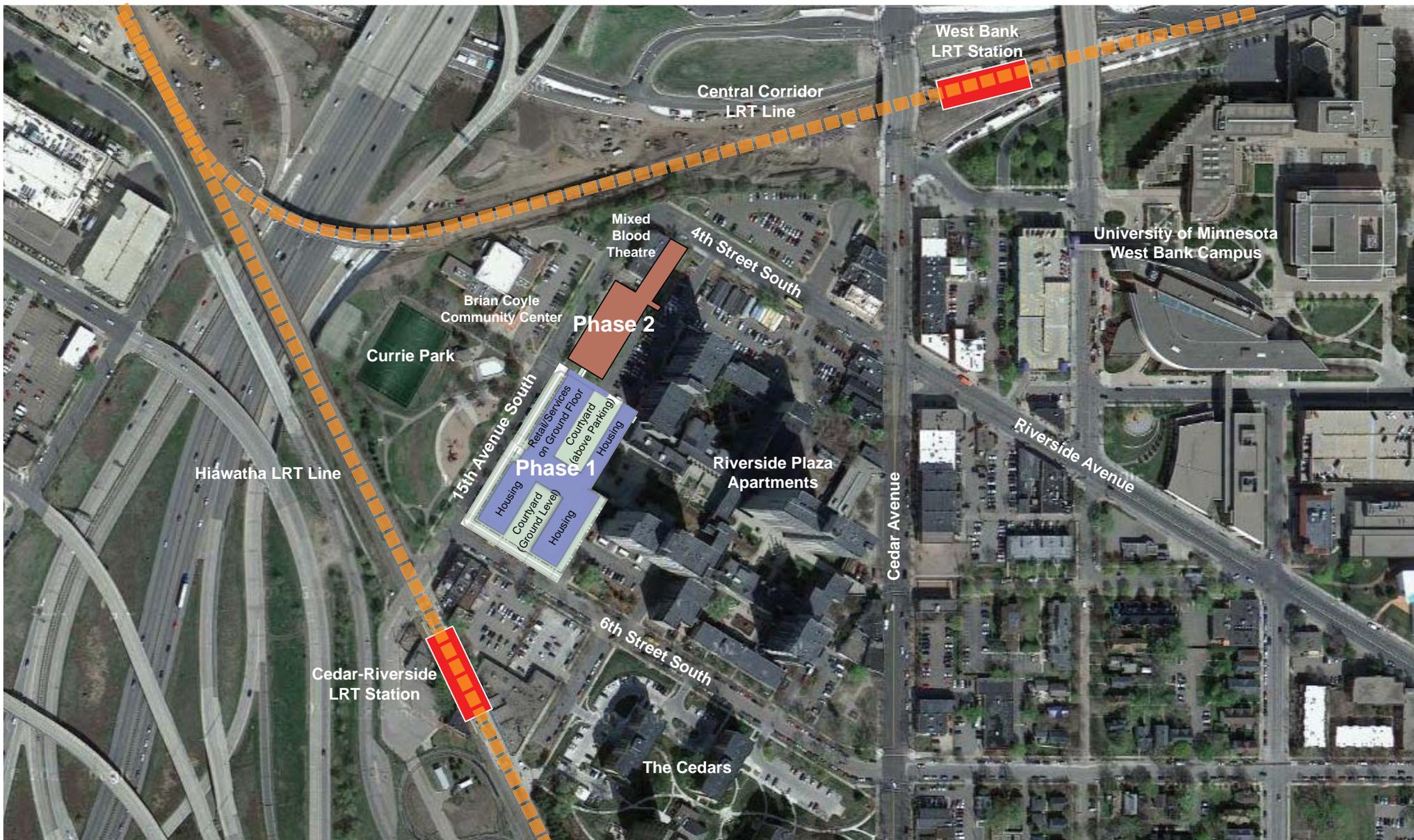
Year Ending (1)	Total Net Tax Capacity (2)	<u>Less:</u> Original Net Tax Capacity (3)	<u>Less:</u> Fiscal Disp. @ 0.0000% (4)	<u>Equals:</u> Retained Captured NTC (5)	<u>Times:</u> Total Tax Capacity Rate (6)	<u>Equals:</u> Annual Gross Tax Increment (7)	<u>Less:</u> State Aud. Fee @ 0.36% (8)	<u>Equals:</u> Increment Distributed to City (9)	<u>Less:</u> City Adm. Fee @ 10.00% (10)	<u>Equals:</u> Net Tax Increment (11)
12/31/15	16,931	12,868	0	4,063	150.000%	6,095	22	6,073	607	5,466
12/31/16	192,100	12,868	0	179,232	150.000%	268,848	968	267,880	26,788	241,092
12/31/17	274,750	12,868	0	261,882	150.000%	392,823	1,414	391,409	39,141	352,268
12/31/18	274,750	12,868	0	261,882	150.000%	392,823	1,414	391,409	39,141	352,268
12/31/19	274,750	12,868	0	261,882	150.000%	392,823	1,414	391,409	39,141	352,268
12/31/20	274,750	12,868	0	261,882	150.000%	392,823	1,414	391,409	39,141	352,268
12/31/21	274,750	12,868	0	261,882	150.000%	392,823	1,414	391,409	39,141	352,268
12/31/22	274,750	12,868	0	261,882	150.000%	392,823	1,414	391,409	39,141	352,268
12/31/23	274,750	12,868	0	261,882	150.000%	392,823	1,414	391,409	39,141	352,268
12/31/24	274,750	12,868	0	261,882	150.000%	392,823	1,414	391,409	39,141	352,268
12/31/25	274,750	12,868	0	261,882	150.000%	392,823	1,414	391,409	39,141	352,268
12/31/26	274,750	12,868	0	261,882	150.000%	392,823	1,414	391,409	39,141	352,268
12/31/27	274,750	12,868	0	261,882	150.000%	392,823	1,414	391,409	39,141	352,268
12/31/28	274,750	12,868	0	261,882	150.000%	392,823	1,414	391,409	39,141	352,268
12/31/29	274,750	12,868	0	261,882	150.000%	392,823	1,414	391,409	39,141	352,268
12/31/30	274,750	12,868	0	261,882	150.000%	392,823	1,414	391,409	39,141	352,268
12/31/31	274,750	12,868	0	261,882	150.000%	392,823	1,414	391,409	39,141	352,268
12/31/32	274,750	12,868	0	261,882	150.000%	392,823	1,414	391,409	39,141	352,268
12/31/33	274,750	12,868	0	261,882	150.000%	392,823	1,414	391,409	39,141	352,268
12/31/34	274,750	12,868	0	261,882	150.000%	392,823	1,414	391,409	39,141	352,268
12/31/35	274,750	12,868	0	261,882	150.000%	392,823	1,414	391,409	39,141	352,268
12/31/36	274,750	12,868	0	261,882	150.000%	392,823	1,414	391,409	39,141	352,268
12/31/37	274,750	12,868	0	261,882	150.000%	392,823	1,414	391,409	39,141	352,268
12/31/38	274,750	12,868	0	261,882	150.000%	392,823	1,414	391,409	39,141	352,268
12/31/39	274,750	12,868	0	261,882	150.000%	392,823	1,414	391,409	39,141	352,268
12/31/40	274,750	12,868	0	261,882	150.000%	392,823	1,414	391,409	39,141	352,268
						\$9,702,695	\$34,926	\$9,667,769	\$966,779	\$8,700,990

Exhibit 5 Market Value Test Schedule

Valuation and Tax Increment Assumptions				
Payable Year --->	2014	2015	2016	2017
Total Estimated Market Value (EMV)	\$1,029,400	\$1,348,750	\$18,882,500	\$26,975,000
Less: Original EMV	1,029,400	1,029,400	1,029,400	1,029,400
Captured EMV	\$0	\$319,350	\$17,853,100	\$25,945,600
Total Net Tax Capacity (NTC)	\$12,868	\$16,931	\$192,100	\$274,750
Less: Original NTC	12,868	12,868	12,868	12,868
Captured NTC	\$0	\$4,063	\$179,232	\$261,882
Times: Projected Total Tax Rate	150.000%	150.000%	150.000%	150.000%
Gross Tax Increment	\$0	\$6,095	\$268,848	\$392,823
Less: State Auditor's Fee (.36%)	0	22	968	1,414
Tax Increment Distributed to City	\$0	\$6,073	\$267,880	\$391,409

26 Years of TI Collection		
Years of TIF Collection	Payable Year	Tax Increment Distributed To City
0	2014	\$0
1	2015	6,073
2	2016	267,880
3	2017	391,409
4	2018	391,409
5	2019	391,409
6	2020	391,409
7	2021	391,409
8	2022	391,409
9	2023	391,409
10	2024	391,409
11	2025	391,409
12	2026	391,409
13	2027	391,409
14	2028	391,409
15	2029	391,409
16	2030	391,409
17	2031	391,409
18	2032	391,409
19	2033	391,409
20	2034	391,409
21	2035	391,409
22	2036	391,409
23	2037	391,409
24	2038	391,409
25	2039	391,409
26	2040	391,409
27	2041	0
		\$9,667,769
P.V. @ 5.00%		\$5,147,546

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	\$1,029,400
(b) Original estimated market value	1,029,400
(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.	\$25,945,600
(e) Present value of the projected tax increment for the maximum duration of the district	5,147,546
(f) Difference = (d) - (e)	\$20,798,054
 (3) Since (c) is less than (f), the proposed development or redevelopment passes the test.	





BKV
GROUP

Architecture
Interior Design
Landscape Architecture
Engineering

FIVE15 ON THE PARK
3D RENDERING

08.31.2012 / 1641.01

FINE ASSOCIATES

www.bkvgroup.com



Modification No. 8 to the
Cedar-Riverside Urban Renewal Plan

Revised Draft for Public Review
October 4, 2013

Modification No. 8 to the
Cedar-Riverside Urban Renewal Plan

A. Table of Contents	
B. Description of Project	
1. Boundaries of Urban Renewal Area	Changed
2. Urban Renewal Plan Objectives	No Change
3. Types of Proposed Renewal Action	No Change
C. Land Use Plan	
1. Land Use Map	No Change
2. Circulation	No Change
3. Sub-Neighborhood Uses	No Change
4. Planned Residential Development	No Change
D. Property Acquisition Map	
1. Categories	No Change
2. Priorities	No Change
E. Property Disposition	
1. Priorities	No Change
2. Controls	No Change
3. Rehabilitation	No Change
F. Displacement/Relocation	No Change
G. Official Action to Carry Out the Urban Renewal Plan	No Change
H. Procedure for Changes in Approved Urban Renewal Plan	No Change
Exhibit 1 Boundary Map – Area to be Removed from the Cedar-Riverside Urban Renewal Area	New

Modification No. 8 to the Cedar-Riverside Urban Renewal Plan

Introduction

Three plan documents have been prepared to facilitate the development of Five15 on the Park, a 259-unit mixed-income transit-oriented rental housing project with approximately 5,000 square feet of ground-level neighborhood-serving commercial space in a new six-story building at the intersection of 6th Street South and 15th Avenue South in the Cedar-Riverside neighborhood and West Bank area of Minneapolis:

- The Currie Park Tax Increment Financing (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 Currie Park Redevelopment Plan establishes a new redevelopment project within which the Currie Park TIF District will be located.
- This Modification No. 8 to the Cedar-Riverside Urban Renewal Plan removes the properties within the Currie Park Redevelopment Project Area from the Cedar-Riverside Urban Renewal Area through a project boundary change. The properties will remain within the boundary of the Common Development and Redevelopment Project.

Only those portions of the Cedar-Riverside Urban Renewal Plan that are being modified appear in this document.

Modification No. 8

The following language is added to Section B of the Cedar-Riverside Urban Renewal Plan:

B. Description of Project

1. Boundaries of the Urban Renewal Area

The following properties are removed from the Cedar-Riverside Urban Renewal Area:

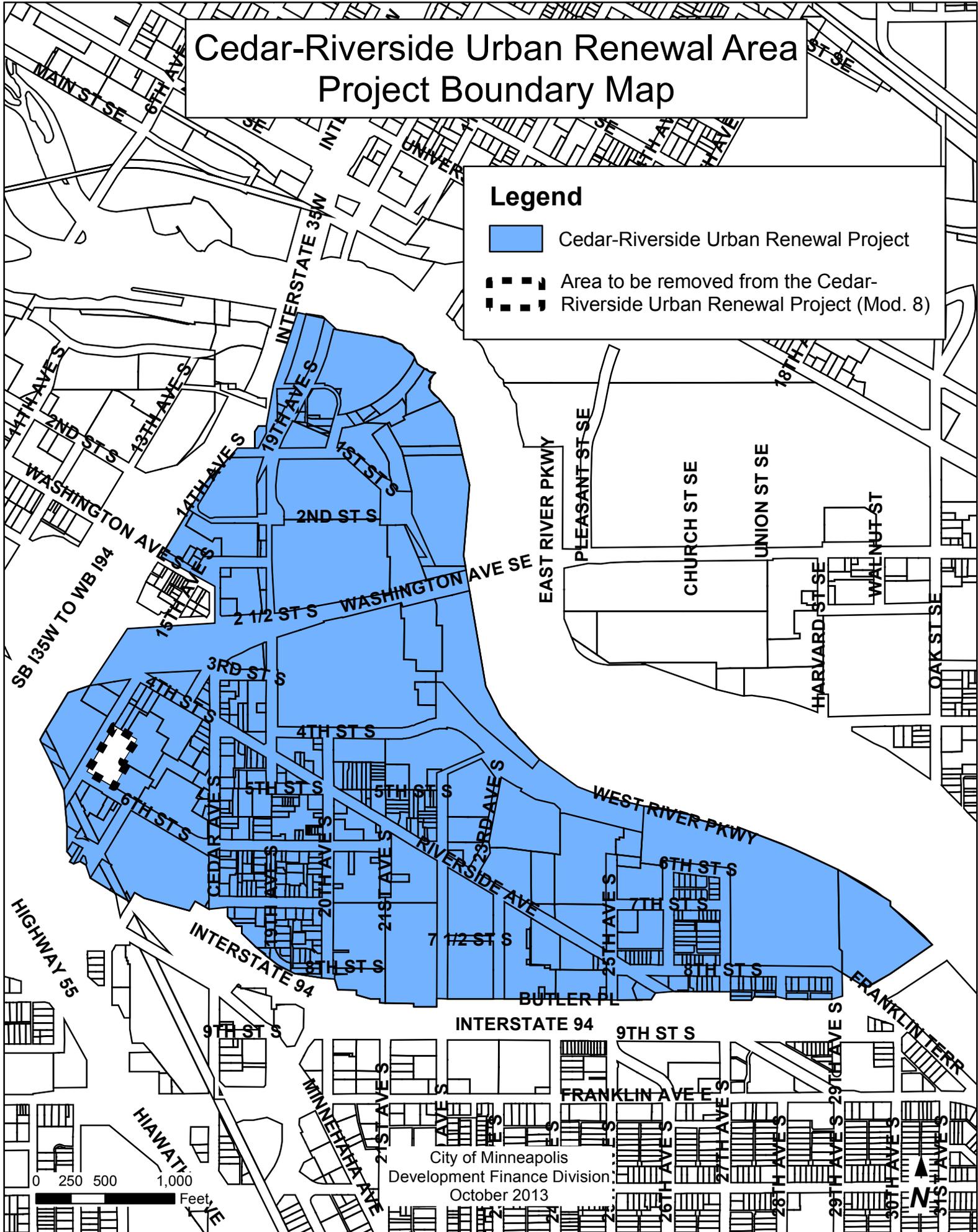
Property Identification No.	Property Address	Portion of Parcel Removed from Urban Renewal Area
26-029-24-41-0062	1500 6 th Street South	Entire parcel
26-029-24-41-0063	1506 6 th Street South	Entire parcel
26-029-24-41-0064	1514 6 th Street South	Entire parcel
26-029-24-41-0065	1515 5 th Street South	Entire parcel
26-029-24-41-0066	1507 5 th Street South	Entire parcel
26-029-24-41-0067	1505 5 th Street South	Entire parcel
26-029-24-14-0082	1500 5 th Street South	Southerly 14.06 feet
26-029-24-14-0083	1506 5 th Street South	Southerly 14.03 feet

The Project Boundary Map dated July 1981 is replaced by the attached Project Boundary Map dated September 2013 (Exhibit 1).

Cedar-Riverside Urban Renewal Area Project Boundary Map

Legend

- Cedar-Riverside Urban Renewal Project
- Area to be removed from the Cedar-Riverside Urban Renewal Project (Mod. 8)



City of Minneapolis
 Development Finance Division
 October 2013

