

Corcoran Triangle Tax Increment Financing Plan

Draft for Public Review
May 29, 2015

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I. Introduction

The Corcoran Triangle Tax Increment Financing (TIF) Plan and two modifications to existing redevelopment plans have been prepared to facilitate the development of 135 units of affordable workforce housing in a new four-story building on a vacant 2.6-acre site at East 32nd Street and 24th Avenue South in south Minneapolis.

- The Corcoran Triangle 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.
- Modification No. 2 to the Hiawatha and Lake Redevelopment Plan expands the Hiawatha and Lake project area to include the Corcoran Triangle development site.
- Modification No. 24 to the Model City Urban Renewal Plan removes the Corcoran Triangle development site from the Model City project area.

II. TIF District Boundary

The proposed Corcoran Triangle TIF District (the “TIF District”) is located at the intersection of East 32nd Street and 24th Avenue South in the Corcoran neighborhood of south Minneapolis, just west of the Blue Line Light Rail Transit (LRT) corridor and Hiawatha Avenue. The TIF District will consist of the two tax parcels identified below by their current property identification (PID) numbers and current addresses, and a portion of 24th Avenue South lying between the two parcels. The street is to be vacated, and the entire area within the TIF District will be replatted.

PID	Property Address
01-028-24-12-0134	3147 24 th Avenue South
01-028-24-21-0120	3120 24 th Avenue South

The TIF District Boundary Map is attached as Exhibit 1.

The TIF District will be located within the existing Hiawatha and Lake Redevelopment Project following approval of Modification No. 2 to the Hiawatha and Lake Redevelopment Plan. A map showing the TIF District’s location within the expanded Hiawatha and Lake Redevelopment Project is also included in Exhibit 1.

The legal description of all of the property to be included in the TIF District will be as follows upon completion of the street vacation:

- 1) Those part of Lots 8, 9, 10, 11 and 12, Griswold's Rearrangement of part of Block Five (5) Griswold's 3rd Addition to Minneapolis, according to the plat thereof on file and of record in the office of the County Recorder in and for Hennepin County, Minnesota; including all of that part of vacated E. 24th Avenue S. that accrued to those parts of Lots 9, 10, 11 and 12, Griswold's Rearrangement of part of Block Five (5) Griswold's 3rd Addition to Minneapolis, lying Southwesterly of Line 1, as described below:

Line 1:

Commencing at Right of Way Boundary Corner B303, as shown on Minnesota Department of Transportation Right of Way Plat No. 27-110, recorded with Hennepin County; thence Westerly along the most Southerly line of said plat, on an assumed azimuth of 269 degrees 25 minutes 19 seconds a distance of 221.07 feet to the point of beginning of said Line 1; thence on an azimuth of 152 degrees 22 minutes 10 seconds a distance of 1800.00 feet and there terminating.

- 2) Lots 18, 19, 20, 21, 22 and 23, Block 6, Griswold's 3rd Addition to Minneapolis, according to the plat thereof on file and of record in the office of the County Recorder in and for Hennepin County, Minnesota;

Together with:

The North 38 feet of the Easterly 122 feet of Lot 24, Block 6, said addition, said plat;

Together with:

That part of Lots 15, 16 and 17, Block 6 said addition, said plat, lying Southwesterly of Line 1, as described below;

Line 1:

Commencing at Right of Way Boundary Corner B303, as shown on Minnesota Department of Transportation Right of Way Plat No. 27-110, recorded with Hennepin County; thence Westerly along the most Southerly line of said plat, on an assumed azimuth of 269 degrees 25 minutes 19 seconds a distance of 221.07 feet to the point of beginning of said Line 1; thence on an azimuth of 152 degrees 22 minutes 10 seconds a distance of 1800.00 feet and there terminating.

- 3) All that part of vacated E. 24th Avenue S. that accrued to those parts of Lots 17, 18, 19, 20, 21, 22, 23, and the northerly 38 feet of the Easterly 122 feet of Lot 24, Block 6, Griswold's 3rd Addition to Minneapolis, lying northeasterly of Line 1, as described below:

Line 1:

Commencing at Right of Way Boundary Corner B303, as shown on Minnesota Department of Transportation Right of Way Plat No. 27-110, recorded with Hennepin County; thence Westerly along the most Southerly line of said plat, on an assumed azimuth of 269 degrees 25 minutes 19 seconds a distance of 221.07 feet to the point of beginning of said Line 1; thence on an azimuth of 152 degrees 22 minutes 10 seconds a distance of 1800.00 feet and there terminating.

- 4) All that part of vacated E. 24th Avenue S. that accrued to those parts of Lots 12, 13 and 14, Griswold's Rearrangement of part of Block Five (5) Griswold's 3rd Addition to Minneapolis, lying northeasterly of Line 1, as described below:

Line 1:

Commencing at Right of Way Boundary Corner B303, as shown on Minnesota Department of Transportation Right of Way Plat No. 27-110, recording with Hennepin County; thence Westerly along the most Southerly line of said plat, on an assumed azimuth of 269 degrees 25 minutes 19 seconds a distance of 221.07 feet to the point of

beginning of said Line 1; thence on an azimuth of 152 degrees 22 minutes 10 seconds a distance of 1800.00 feet and there terminating.

The following being Torrens property:

Lots 18 and 19, Block 6, Griswold's 3rd Addition to Minneapolis

Hennepin County, Minnesota

Abstract Property

Torrens Property

Torrens Certificate No. 1230869

III. Type of TIF District

The Corcoran Triangle 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 Corcoran Triangle 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.

The TIF District will be decertified when all eligible costs have been paid, which is currently projected to occur after 17 years of tax increment collection (see Exhibits 3 and 4).

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

Wellington Management, Inc. proposes to develop 135 units of affordable workforce housing on a site owned by Corridor Plaza LLC, which is under contract for sale to Corcoran Triangle Limited Partnership. The approximately 2.6-acre area is vacant, unused property that remained following construction of the Blue Line (Hiawatha Avenue) Light Rail Transit (LRT) corridor. Two triangular-shaped parcels (3120 and 3147 24th Avenue South) and a fragment of 24th Avenue South running between them constitute the site, which is located immediately west of the Blue Line and Hiawatha Avenue, at the intersection of East 32nd Street and 24th Avenue South.

The fragment of 24th Avenue South will be vacated as part of the development. In place of the public street, a private road will connect East 32nd Street to East 31st Street.

The four-story building will include 60 one-bedroom units, 54 two-bedrooms, and 21 three-bedrooms, ranging in size from 631 to 1,346 square feet. Nine units will be for individuals with HIV/AIDs who are experiencing long-term homelessness and who have incomes at or below 30 percent of the area median income (AMI). Clare Housing, a nationally recognized service provider, will provide support services for the long-term homeless residents. Thirty-seven units will be affordable to those at or below 50 percent AMI, and 89 units at or below 60 percent AMI.

The development will feature individual apartment entrances at street level, common and community spaces both indoors and out, an outdoor plaza, a storm water management

demonstration area, a tot lot, outdoor seating, bicycle racks, a new roadway, sidewalks, a bike path, native plantings and green spaces.

One level of underground parking will provide 100 spaces and a surface lot will provide 51, for a total of 151 parking spaces.

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

B. Property That May Be Acquired

Corcoran Triangle Limited Partnership will acquire the development site from Corridor Plaza LLC directly and voluntarily. 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 \$25 million. The maximum amount of project costs that can be paid utilizing tax increment revenues generated from within the Corcoran Triangle 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.

<u>Sources</u>	
Tax Increment	<u>\$2,676,000</u>
Total Sources	\$2,676,000
 <u>Uses</u>	
Affordable Housing Construction	\$1,500,000
Pay-As-You-Go Note Interest	908,400
City Administration Costs	<u>267,600</u>
Total Uses	\$2,676,000

B. Maximum Bonds to be Issued

The City does not currently anticipate issuing any tax increment bonds for the Corcoran Triangle project. It is anticipated that the City will issue the developer a pay-as-you-go TIF note in an amount not to exceed \$1,500,000. 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 tax credit syndication proceeds, deferred developer fees, Family Housing Fund, the City's Affordable Housing Trust Fund, Minnesota Housing, Hennepin County Affordable Housing Incentive Fund and Transit-Oriented Development grant funds, and Metropolitan Council Livable Communities Demonstration Account grant funds.

D. Original Net Tax Capacity

The property in the TIF District has an estimated market value (EMV) of \$679,100 (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 \$8,489.

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 (see Section VIII), the total tax capacity rate for taxes payable in 2015 was used. For tax increment projection purposes, the total tax capacity rate of 140% was assumed (see Section VIII).

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 \$17,350,000, and the total net tax capacity (NTC) will be \$130,125. The captured net tax capacity of the TIF District at completion is therefore projected to be \$121,636.

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 17-year period (2017 to 2033).

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 2015 Tax Capacity Rate</u>	<u>Property Taxes Resulting From \$121,636 in Captured Net Tax Capacity</u>
City of Minneapolis	66.333%	\$ 80,685
Hennepin County	46.154%	56,140
Minneapolis Special School District No. 1	22.235%	27,046
Other	<u>8.987%</u>	<u>10,931</u>
Total	143.709%	\$174,802

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 \$4,202,857.

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 \$650,276.

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 \$1,349,802.

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 Corcoran Triangle 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.

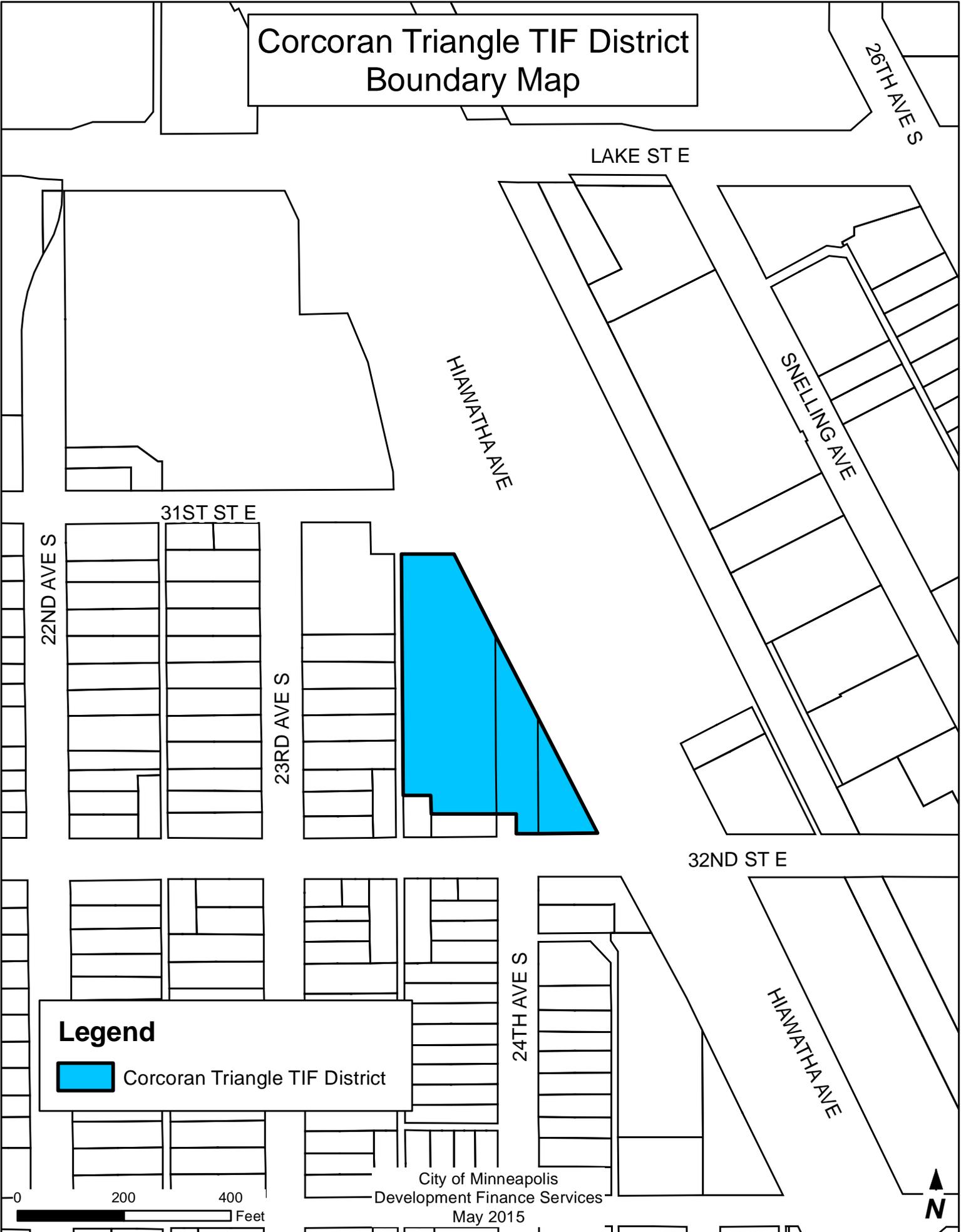
The funding gap is in large part due to the inclusion of 135 affordable rental units within the project. Without tax increment financing assistance, the project would not be built as proposed; rather, the site would remain vacant for the foreseeable future.

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 Corcoran Triangle project will provide workforce housing opportunities along the Blue Line LRT corridor, which directly links residents to employment opportunities in Downtown Minneapolis, the Minneapolis-St. Paul International Airport, and the Mall of America.

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 and 3) 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.

Corcoran Triangle TIF District Boundary Map



Legend

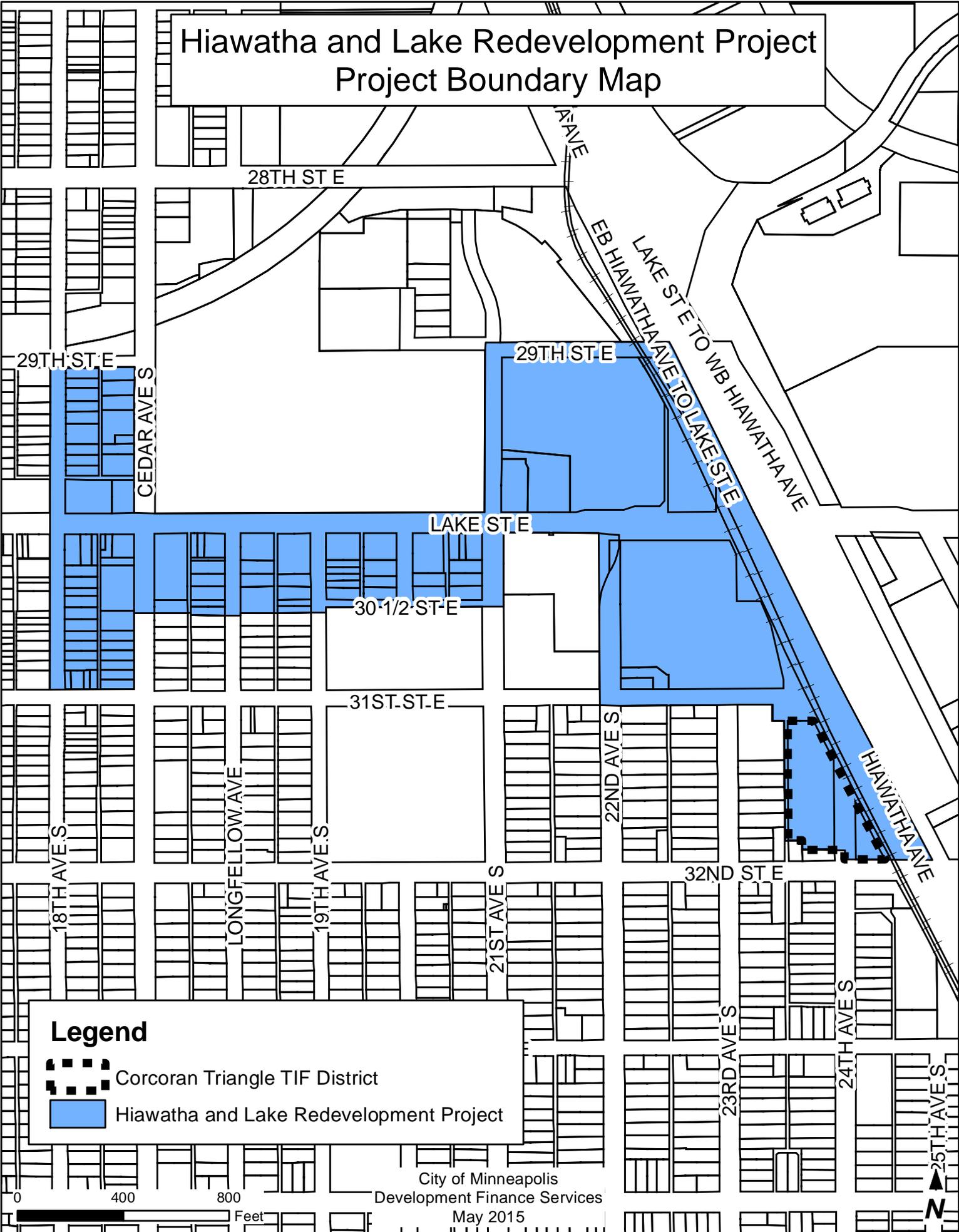
 Corcoran Triangle TIF District

0 200 400 Feet

City of Minneapolis
Development Finance Services
May 2015

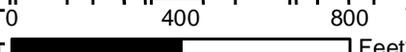


Hiawatha and Lake Redevelopment Project Project Boundary Map



Legend

-  Corcoran Triangle TIF District
-  Hiawatha and Lake Redevelopment Project



Documentation of Eligibility

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

Forty-six (34 percent) of the 135 units in the Corcoran Triangle development will be occupied by households whose income is 50 percent or less of Area Median Income. The remaining 89 units (66 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 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 Corcoran Triangle development.

Exhibit 3 Assumptions Schedule

Corcoran Triangle TIF Plan
EMV Upon Completion = \$17,350,000 (135 apartments)
Pay-As-You-Go Note = \$1,500,000

Type of Tax Increment Financing District	Housing
Maximum Duration of TIF District	26 Years of Tax Increment Collection
Certification Request Date	09/01/15
Decertification Date	12/31/33 (Years of Increment = 17)

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

Housing Property

EMV Upon Completion (a)		\$17,350,000	\$17,350,000	\$17,350,000
Percent Complete		10%	75%	100%
Total Estimated Market Value	\$679,100	\$1,735,000	\$13,012,500	\$17,350,000
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)	\$8,489	\$13,013	\$97,594	\$130,125

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

Original EMV (b)	\$679,100	\$679,100	\$679,100	\$679,100
Times: Class Rate	1.25%	1.25%	1.25%	1.25%
Original Net Tax Capacity	\$8,489	\$8,489	\$8,489	\$8,489

Total Tax Capacity Rate	140.000%
City Administrative Fee	10.00%

Pay-As-You-Go Note

Interest Start Date	12/20/15
Annual Interest Rate	4.80%

Notes

- (a) EMV based on 135 apartments at \$128,519 per apartment.
 (b) Original EMV includes 3120 24th Ave S (\$604,300) and 3147 24th Ave S (\$74,800)

Exhibit 4 Projected Tax Increment Schedule

Corcoran Triangle TIF Plan
EMV Upon Completion = \$17,350,000 (135 apartments)
Pay-As-You-Go Note = \$1,500,000

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>Less:</u> Pooling for Housing @ 0.00% (11)	<u>Equals:</u> Net Tax Increment (12)
12/31/15	0	0	0	0	140.000%	0	0	0	0	0	0
12/31/16	8,489	8,489	0	0	140.000%	0	0	0	0	0	0
12/31/17	13,013	8,489	0	4,524	140.000%	6,334	23	6,311	631	0	5,680
12/31/18	97,594	8,489	0	89,105	140.000%	124,747	449	124,298	12,430	0	111,868
12/31/19	130,125	8,489	0	121,636	140.000%	170,290	613	169,677	16,968	0	152,709
12/31/20	130,125	8,489	0	121,636	140.000%	170,290	613	169,677	16,968	0	152,709
12/31/21	130,125	8,489	0	121,636	140.000%	170,290	613	169,677	16,968	0	152,709
12/31/22	130,125	8,489	0	121,636	140.000%	170,290	613	169,677	16,968	0	152,709
12/31/23	130,125	8,489	0	121,636	140.000%	170,290	613	169,677	16,968	0	152,709
12/31/24	130,125	8,489	0	121,636	140.000%	170,290	613	169,677	16,968	0	152,709
12/31/25	130,125	8,489	0	121,636	140.000%	170,290	613	169,677	16,968	0	152,709
12/31/26	130,125	8,489	0	121,636	140.000%	170,290	613	169,677	16,968	0	152,709
12/31/27	130,125	8,489	0	121,636	140.000%	170,290	613	169,677	16,968	0	152,709
12/31/28	130,125	8,489	0	121,636	140.000%	170,290	613	169,677	16,968	0	152,709
12/31/29	130,125	8,489	0	121,636	140.000%	170,290	613	169,677	16,968	0	152,709
12/31/30	130,125	8,489	0	121,636	140.000%	170,290	613	169,677	16,968	0	152,709
12/31/31	130,125	8,489	0	121,636	140.000%	170,290	613	169,677	16,968	0	152,709
12/31/32	130,125	8,489	0	121,636	140.000%	170,290	613	169,677	16,968	0	152,709
12/31/33	130,125	8,489	0	121,636	140.000%	170,290	613	169,677	16,968	0	152,709
						\$2,685,431	\$9,667	\$2,675,764	\$267,581	\$0	\$2,408,183

Exhibit 5 Market Value Test Schedule

Valuation and Tax Increment Assumptions				
Payable Year --->	2016	2017	2018	2019
Total Estimated Market Value (EMV)	\$679,100	\$1,735,000	\$13,012,500	\$17,350,000
Less: Original EMV	679,100	679,100	679,100	679,100
Captured EMV	\$0	\$1,055,900	\$12,333,400	\$16,670,900
Total Net Tax Capacity (NTC)	\$8,489	\$13,013	\$97,594	\$130,125
Less: Original NTC	8,489	8,489	8,489	8,489
Captured NTC	\$0	\$4,524	\$89,105	\$121,636
Times: Projected Total Tax Rate	140.000%	140.000%	140.000%	140.000%
Gross Tax Increment	\$0	\$6,334	\$124,747	\$170,290
Less: State Auditor's Fee (.36%)	0	23	449	613
Tax Increment Distributed to City	\$0	\$6,311	\$124,298	\$169,677

26 Years of TI Collection		
Years of TIF Collection	Payable Year	Tax Increment Distributed To City
1	2016	\$0
2	2017	6,311
3	2018	124,298
4	2019	169,677
5	2020	169,677
6	2021	169,677
7	2022	169,677
8	2023	169,677
9	2024	169,677
10	2025	169,677
11	2026	169,677
12	2027	169,677
13	2028	169,677
14	2029	169,677
15	2030	169,677
16	2031	169,677
17	2032	169,677
18	2033	169,677
19	2034	169,677
20	2035	169,677
21	2036	169,677
22	2037	169,677
23	2038	169,677
24	2039	169,677
25	2040	169,677
26	2041	169,677
27	2042	169,677
28	2043	0
		\$4,202,857
P.V. @ 5.00%		\$2,242,392

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	\$679,100
(b) Original estimated market value	679,100
(c) Increased estimated market value without the use of tax increment = (a) - (b)	\$0
(2) "... increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the district permitted by the plan.":	
(d) Increase in the estimated market value of the completed development.	\$16,670,900
(e) Present value of the projected tax increment for the maximum duration of the district	2,242,392
(f) Difference = (d) - (e)	\$14,428,508
 (3) Since (c) is less than (f), the proposed development or redevelopment passes the test.	

Corcoran Triangle

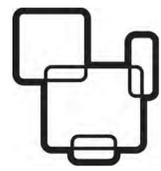
Minneapolis, MN
JUN.09.2014

INDEX

- 59 ONE BEDROOMS
- 56 TWO BEDROOMS
- 30 THREE BEDROOMS
- 135 TOTAL UNITS
- 64 SURFACE STALLS
- 97 UNDERGROUND STALLS
- 161 TOTAL PARKING STALLS



SITE PLAN 1/32" = 1'-0"











Modification No. 2 to the Hiawatha and Lake Redevelopment Plan

Draft for Public Review
May 29, 2015

Table of Contents

Introduction	New
I. Description of Project	
A. Boundaries of Redevelopment Project	Changed
B. Project Boundary Map	Changed
C. Objectives of the Redevelopment Plan	No Change
D. Types of Redevelopment Activities	No Change
II. Land Use Plan	
A. Land Use Map	Changed
B. Land Use Provisions and Requirements	No Change
III. Project Proposals	
A. Land Acquisition	No Change
B. Rehabilitation	No Change
C. Redevelopers' Obligations	No Change
IV. Relocation	No Change
V. Official Action to Carry Out the Redevelopment Plan	No Change
VI. Procedure for Changes in Approved Redevelopment Plan	No Change
Exhibits	
1. Project Boundary Map	Changed
2. Land Use Map	Changed
3. Project Area Report and Documentation of Blight	New

Introduction

The Corcoran Triangle Tax Increment Financing (TIF) Plan and two modifications to existing redevelopment plans have been prepared to facilitate the development of 135 units of affordable workforce housing in a new four-story building on a vacant 2.6-acre site at East 32nd Street and 24th Avenue South in south Minneapolis.

- The Corcoran Triangle 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 Modification No. 2 to the Hiawatha and Lake Redevelopment Plan expands the Hiawatha and Lake project area to include the Corcoran Triangle development site.
- Modification No. 24 to the Model City Urban Renewal Plan removes the Corcoran Triangle development site from the Model City project area.

Only those portions of the Hiawatha and Lake Redevelopment Plan that are being modified appear in this document. The Project Boundary Map and the Land Use Map are updated to include the area added to the project. Exhibit 3, the Project Area Report and Documentation of Blight, describes the conditions that qualify the expansion area's eligibility as a redevelopment project under state law.

Modification No. 2

The following language is added to Section I of the Hiawatha and Lake Redevelopment Plan:

I. Description of Project

A. Boundary of Redevelopment Project

The area to be added to the Hiawatha and Lake Redevelopment Project includes the two tax parcels identified below by their current property identification (PID) numbers and addresses, and a portion of 24th Avenue South lying between the two parcels, as shown on the Project Boundary Map. The street is to be vacated, and the entire area will be replatted.

PID	Property Address
01-028-24-12-0134	3147 24 th Avenue South
01-028-24-21-0120	3120 24 th Avenue South

The legal description of all of the property to be added to the project area will be as follows upon completion of the street vacation:

- 1) Those part of Lots 8, 9, 10, 11 and 12, Griswold's Rearrangement of part of Block Five (5) Griswold's 3rd Addition to Minneapolis, according to the plat thereof on file and of record in the office of the County Recorder in and for Hennepin County, Minnesota; including all of that part of vacated E. 24th Avenue S. that accrued to those parts of Lots 9, 10, 11 and 12,

Modification No. 2 to the Hiawatha and Lake Redevelopment Plan

Griswold's Rearrangement of part of Block Five (5) Griswold's 3rd Addition to Minneapolis, lying Southwesterly of Line 1, as described below:

Line 1:

Commencing at Right of Way Boundary Corner B303, as shown on Minnesota Department of Transportation Right of Way Plat No. 27-110, recorded with Hennepin County; thence Westerly along the most Southerly line of said plat, on an assumed azimuth of 269 degrees 25 minutes 19 seconds a distance of 221.07 feet to the point of beginning of said Line 1; thence on an azimuth of 152 degrees 22 minutes 10 seconds a distance of 1800.00 feet and there terminating.

- 2) Lots 18, 19, 20, 21, 22 and 23, Block 6, Griswold's 3rd Addition to Minneapolis, according to the plat thereof on file and of record in the office of the County Recorder in and for Hennepin County, Minnesota;

Together with:

The North 38 feet of the Easterly 122 feet of Lot 24, Block 6, said addition, said plat;

Together with:

That part of Lots 15, 16 and 17, Block 6 said addition, said plat, lying Southwesterly of Line 1, as described below;

Line 1:

Commencing at Right of Way Boundary Corner B303, as shown on Minnesota Department of Transportation Right of Way Plat No. 27-110, recorded with Hennepin County; thence Westerly along the most Southerly line of said plat, on an assumed azimuth of 269 degrees 25 minutes 19 seconds a distance of 221.07 feet to the point of beginning of said Line 1; thence on an azimuth of 152 degrees 22 minutes 10 seconds a distance of 1800.00 feet and there terminating.

- 3) All that part of vacated E. 24th Avenue S. that accrued to those parts of Lots 17, 18, 19, 20, 21, 22, 23, and the northerly 38 feet of the Easterly 122 feet of Lot 24, Block 6, Griswold's 3rd Addition to Minneapolis, lying northeasterly of Line 1, as described below:

Line 1:

Commencing at Right of Way Boundary Corner B303, as shown on Minnesota Department of Transportation Right of Way Plat No. 27-110, recorded with Hennepin County; thence Westerly along the most Southerly line of said plat, on an assumed azimuth of 269 degrees 25 minutes 19 seconds a distance of 221.07 feet to the point of beginning of said Line 1; thence on an azimuth of 152 degrees 22 minutes 10 seconds a distance of 1800.00 feet and there terminating.

- 4) All that part of vacated E. 24th Avenue S. that accrued to those parts of Lots 12, 13 and 14, Griswold's Rearrangement of part of Block Five (5) Griswold's 3rd Addition to Minneapolis, lying northeasterly of Line 1, as described below:

Modification No. 2 to the Hiawatha and Lake Redevelopment Plan

Line 1:

Commencing at Right of Way Boundary Corner B303, as shown on Minnesota Department of Transportation Right of Way Plat No. 27-110, recording with Hennepin

County; thence Westerly along the most Southerly line of said plat, on an assumed azimuth of 269 degrees 25 minutes 19 seconds a distance of 221.07 feet to the point of beginning of said Line 1; thence on an azimuth of 152 degrees 22 minutes 10 seconds a distance of 1800.00 feet and there terminating.

The following being Torrens property:

Lots 18 and 19, Block 6, Griswold's 3rd Addition to Minneapolis

Hennepin County, Minnesota
Abstract Property
Torrens Property
Torrens Certificate No. 1230869

B. Project Boundary Map

The Project Boundary Map dated June 13, 2002 is replaced by the attached Project Boundary Map dated May 2015 (Exhibit 1).

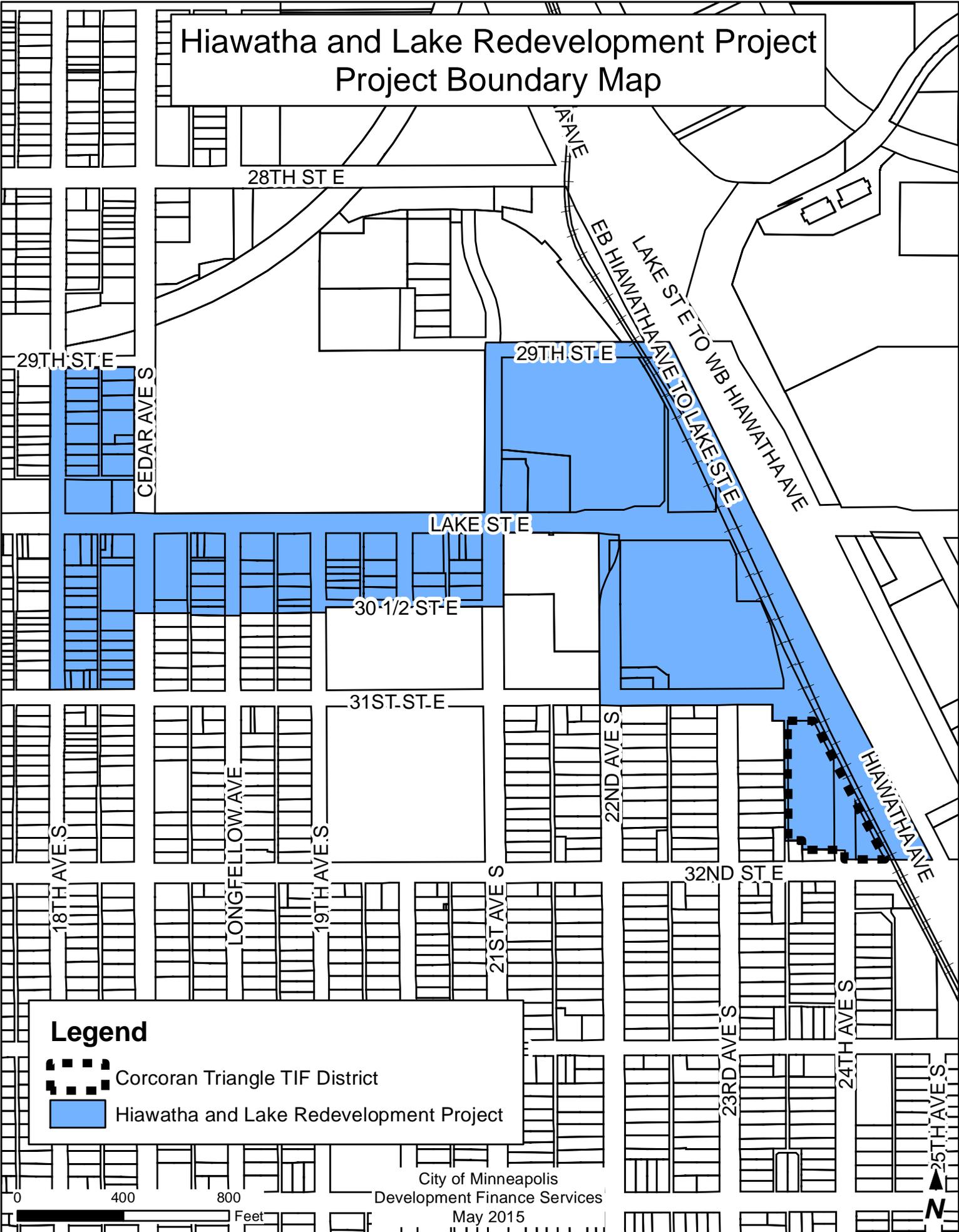
The following language is added to Section II of the Hiawatha and Lake Redevelopment Plan:

II. Land Use Plan

A. Land Use Map

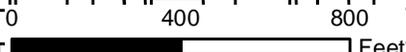
The Land Use Map dated June 13, 2002 is replaced by the attached Land Use Map dated May 2015 (Exhibit 2).

Hiawatha and Lake Redevelopment Project Project Boundary Map

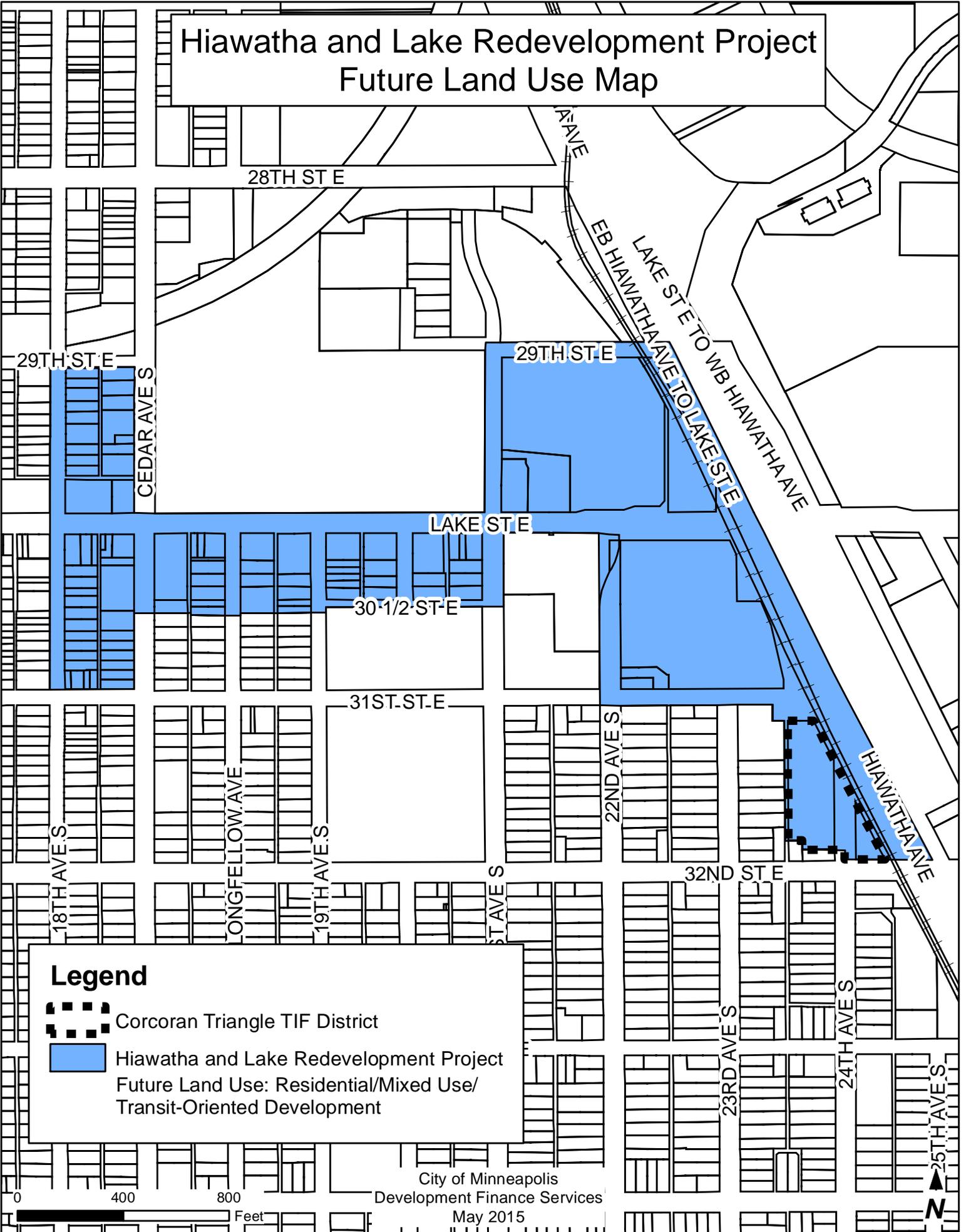


Legend

-  Corcoran Triangle TIF District
-  Hiawatha and Lake Redevelopment Project



Hiawatha and Lake Redevelopment Project Future Land Use Map



Project Area Report and Documentation of Blight

Modification No. 2 to the Hiawatha and Lake Redevelopment Plan expands the project boundary to include the Corcoran Triangle development site, an approximately 2.6-acre area comprised of two tax parcels and a to-be-vacated street lying between the parcels. The conditions that qualify the site as a redevelopment project and a blighted area as defined in Minnesota Statutes are described below.

General Description of Area

The area to be added to the Hiawatha and Lake Redevelopment Project includes the two tax parcels listed below and the portion of 24th Avenue South lying between the two parcels, as shown on the Project Boundary Map (Exhibit 1).

Property Identification No.	Property Address
01-028-24-12-0134	3147 24 th Avenue South
01-028-24-21-0120	3120 24 th Avenue South

The legal description of the area to be added to the project area is provided in Section I.A. of Modification No. 2 to the Hiawatha and Lake Redevelopment Plan.

The site is triangular in shape and is located immediately west of Hiawatha Avenue and the Blue Line Light Rail Transit (LRT) corridor, north of East 32nd Street and south of East 31st Street.

The property is zoned R5 – Multiple-family District (High Density), and is also within a Pedestrian-Oriented Overlay District.

The parcels are vacant, unused land; the houses that were once located on the site were demolished between 1964 and 1978, in anticipation of the expansion of Hiawatha Avenue. Following development of the Blue Line (Hiawatha Avenue) Light Rail Transit (LRT) corridor, the remaining land was irregular in shape and it has remained undeveloped. Corridor Plaza LLC acquired the excess land from the Metropolitan Council in 2008.

The Blue Line runs immediately east of the site, and the Lake Street/Midtown LRT Station is one block north. Currently, pedestrians coming from the south must navigate through a vacant lot with no infrastructure to access the LRT platform, the YWCA, the Midtown Farmer’s Market and other area amenities.

Two single-family houses remain just south of the site, at 3146 24th Avenue South and 2318 East 32nd Street. The houses are not part of the development site nor the area to be added to the Hiawatha and Lake Redevelopment Project.

Property Conditions

Surface conditions on the site are mostly weeds, grass and dirt. The 24th Avenue South right-of-way includes a paved cul-de-sac and an unpaved roadway extending north from East 32nd Street to East 31st Street. There is a short section of sidewalk extending north from East 32nd Street to the cul-de-sac.

City records indicate there have been 13 code violations on the property since 2009, many due to illegal dumping of material on the site. There have been several orders to remove rubbish (including tires, furniture, mattresses, appliances and shopping carts), cut grass and weeds, and remove inoperable vehicles.

Eligibility

Minnesota Statutes Section 469.002, Subdivision 14(1) describes a redevelopment project as:

...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...

Minnesota Statutes Section 469.028, Subdivision 3 provides that open and undeveloped land can be 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 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.

Based on the conditions described herein, it is determined that the property within the area to be added to the Hiawatha and Lake Redevelopment Project meets the statutory requirements for property to be included in a redevelopment project area:

- The site's irregular shape has prevented normal development of the land by private enterprise and has resulted in a stagnant and unproductive condition of land on which housing can be constructed.
- The vacant land is underutilized property, and therefore a blighting influence on the surrounding area.

The proposed Corcoran Triangle housing development will remove the blighting influence and facilitate the implementation of City land use policies and redevelopment objectives.

Location of Records

Sources of information for this report include City of Minneapolis and Hennepin County records, including information gathered during an inspection conducted in April 2015 by the City's Community Planning and Economic Development (CPED) construction management staff.

Records supporting the finding that the area qualifies as a redevelopment project are on file in City offices in the Crown Roller Mill, Suite 575, 105 5th Avenue South, Minneapolis, Minnesota 55401.

Modification No. 24 to the Model City Urban Renewal Plan

Draft for Public Review
May 29, 2015

Table of Contents

Introduction	New
A. Table of Contents	
B. Description of Project	
1. Narrative Description of Boundary	Changed
2. Project Boundary Map	Changed
C. Development Objectives	
1. Urban Renewal Plan Objectives	No Change
2. Model Neighborhood General Land Use Objectives	No Change
D. General Land Use Map	
1. Land Use Map	No Change
2. Description of Predominant Land Use Categories	No Change
3. Planning Criteria or Standards	No Change
E. Urban Renewal Techniques to be Used to Achieve Plan Objectives	
1. Rehabilitation	No Change
2. Acquisition and Clearance	No Change
a. Property Acquisition Map	No Change
b. Description of Conditions Under Which Property Will be Acquired	No Change
3. Architectural Preservation	No Change
F. Land Disposition	No Change
G. Relocation	No Change
H. Official Actions to Carry Out the Plan	No Change
I. Procedures for Changes in Approved Plans	No Change
J. Extent and Duration of Controls	
K. Redevelopment Plan	No Change
Exhibits	
1. Project Boundary Map	Changed

Introduction

The Corcoran Triangle Tax Increment Financing (TIF) Plan and two modifications to existing redevelopment plans have been prepared to facilitate the development of 135 units of affordable workforce housing in a new four-story building on a vacant 2.6-acre site at East 32nd Street and 24th Avenue South in south Minneapolis.

- The Corcoran Triangle 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.
- Modification No. 2 to the Hiawatha and Lake Redevelopment Plan expands the Hiawatha and Lake project area to include the Corcoran Triangle development site.
- This Modification No. 24 to the Model City Urban Renewal Plan removes the Corcoran Triangle development site from the Model City project area.

Only those portions of the Model City Urban Renewal Plan that are being modified appear in this document.

Modification No. 24

The following language is added to Section B of the Model City Urban Renewal Plan:

B. Description of Project

1. Narrative Description of Boundary

The two tax parcels identified below by their current property identification (PID) numbers and addresses, and a portion of 24th Avenue South lying between the two parcels as described below, are removed from the Model City Urban Renewal Area.

PID	Property Address
01-028-24-12-0134	3147 24 th Avenue South
01-028-24-21-0120	3120 24 th Avenue South

The legal description of all of the property to be removed from the project area will be as follows upon the vacation of 24th Avenue South:

- 1) Those part of Lots 8, 9, 10, 11 and 12, Griswold's Rearrangement of part of Block Five (5) Griswold's 3rd Addition to Minneapolis, according to the plat thereof on file and of record in the office of the County Recorder in and for Hennepin County, Minnesota; including all of that part of vacated E. 24th Avenue S. that accrued to those parts of Lots 9, 10, 11 and 12,

Griswold's Rearrangement of part of Block Five (5) Griswold's 3rd Addition to Minneapolis, lying Southwesterly of Line 1, as described below:

Modification No. 24 to the Model City Urban Renewal Plan

Line 1:

Commencing at Right of Way Boundary Corner B303, as shown on Minnesota Department of Transportation Right of Way Plat No. 27-110, recorded with Hennepin County; thence Westerly along the most Southerly line of said plat, on an assumed azimuth of 269 degrees 25 minutes 19 seconds a distance of 221.07 feet to the point of beginning of said Line 1; thence on an azimuth of 152 degrees 22 minutes 10 seconds a distance of 1800.00 feet and there terminating.

- 2) Lots 18, 19, 20, 21, 22 and 23, Block 6, Griswold's 3rd Addition to Minneapolis, according to the plat thereof on file and of record in the office of the County Recorder in and for Hennepin County, Minnesota;

Together with:

The North 38 feet of the Easterly 122 feet of Lot 24, Block 6, said addition, said plat;

Together with:

That part of Lots 15, 16 and 17, Block 6 said addition, said plat, lying Southwesterly of Line 1, as described below;

Line 1:

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Modification No. 24 to the Model City Urban Renewal Plan

County; thence Westerly along the most Southerly line of said plat, on an assumed azimuth of 269 degrees 25 minutes 19 seconds a distance of 221.07 feet to the point of beginning of said Line 1; thence on an azimuth of 152 degrees 22 minutes 10 seconds a distance of 1800.00 feet and there terminating.

The following being Torrens property:

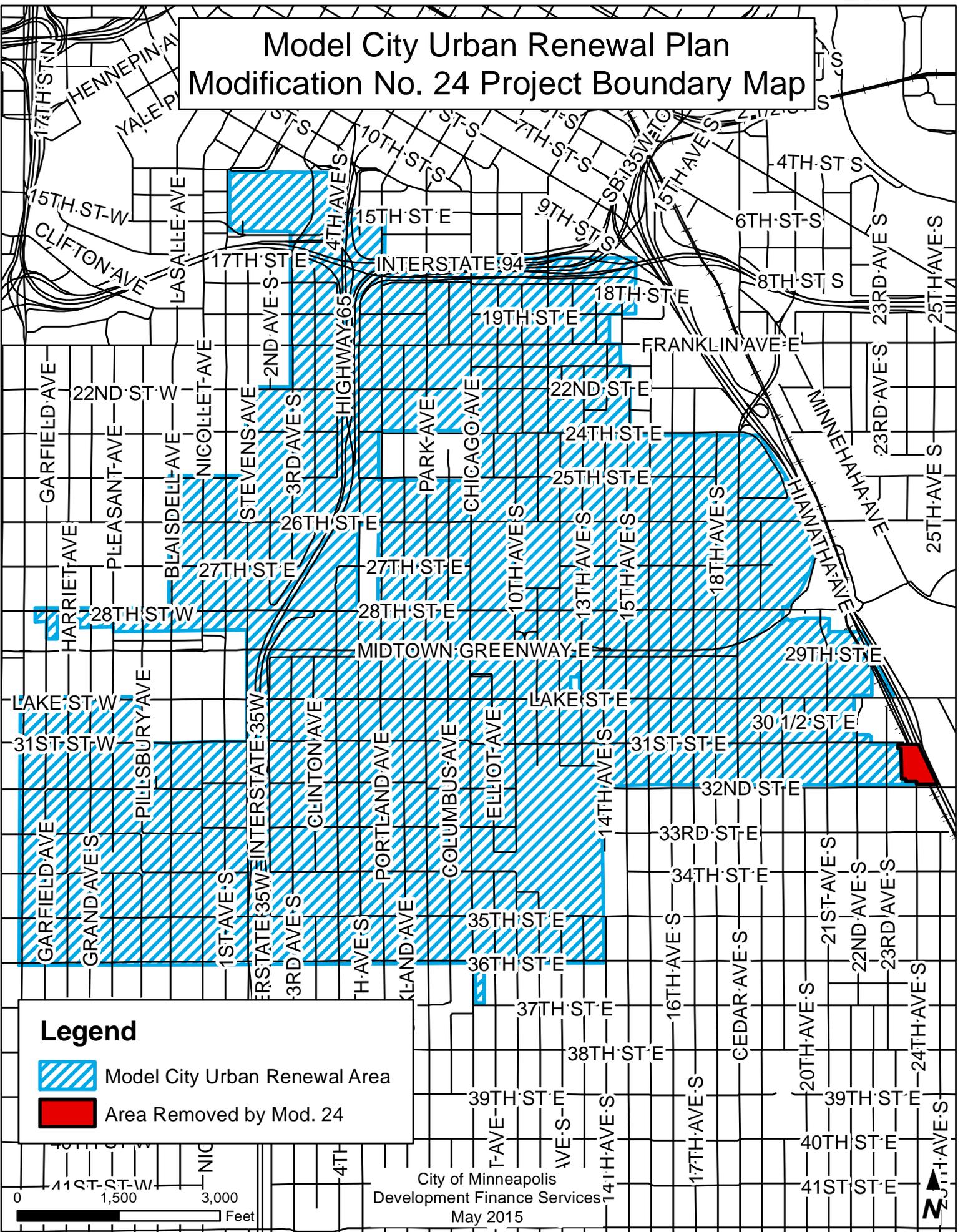
Lots 18 and 19, Block 6, Griswold's 3rd Addition to Minneapolis

Hennepin County, Minnesota
Abstract Property
Torrens Property
Torrens Certificate No. 1230869

2. Project Boundary Map

The Project Boundary Map dated July 2012 is replaced by the attached Project Boundary Map dated May 2015 (Exhibit 1).

Model City Urban Renewal Plan Modification No. 24 Project Boundary Map



Legend

-  Model City Urban Renewal Area
-  Area Removed by Mod. 24

