

Modification No. 2 to the Parcel C Tax Increment Finance Plan

Draft for Public Review
September 30, 2016

Table of Contents

Introduction**New**

I. Tax Increment District Boundary No Change

II. Statement of Objectives..... No Change

III. Development Program..... No Change

 A. Description of Development Program No Change

 B. Property That May Be Acquired..... No Change

 C. Development Activity For Which Contracts Have Been Signed..... No Change

 D. Other Development Activity No Change

IV. Description of Financing.....**Changed**

 A. Project Costs**Changed**

 B. Bonded Indebtedness to be Incurred No Change

 C. Sources of Revenue..... No Change

 D. Original Net Tax Capacity..... No Change

 E. Estimated Captured Net Tax Capacity at Completion No Change

 F. Duration of District No Change

 G. Fiscal Disparities Election..... No Change

 H. Original Tax Capacity Rate No Change

 I. Permit Activity and Prior Planned Improvements No Change

 J. Affordable Housing and Expenditures Outside TIF District No Change

V. Type of Tax Increment Financing District..... No Change

VI. Estimated Impact on Other Taxing Jurisdictions..... No Change

VII. Basis for Finding That Development Would Not Occur Without No Change
 Tax Increment Financing Assistance

VIII. Modifications to Tax Increment Financing Plans No Change

Introduction

The City of Minneapolis projects that tax increment revenues and expenditures through the remaining duration of the Parcel C Tax Increment Financing (TIF) District will exceed the current TIF Plan budget. Modification No. 2 to the Parcel C TIF Plan amends the tax increment budget to authorize increased revenues and expenditures.

Only that section of the TIF Plan changed by Modification No. 2 appears below.

IV. Description of Financing

A. Project Costs

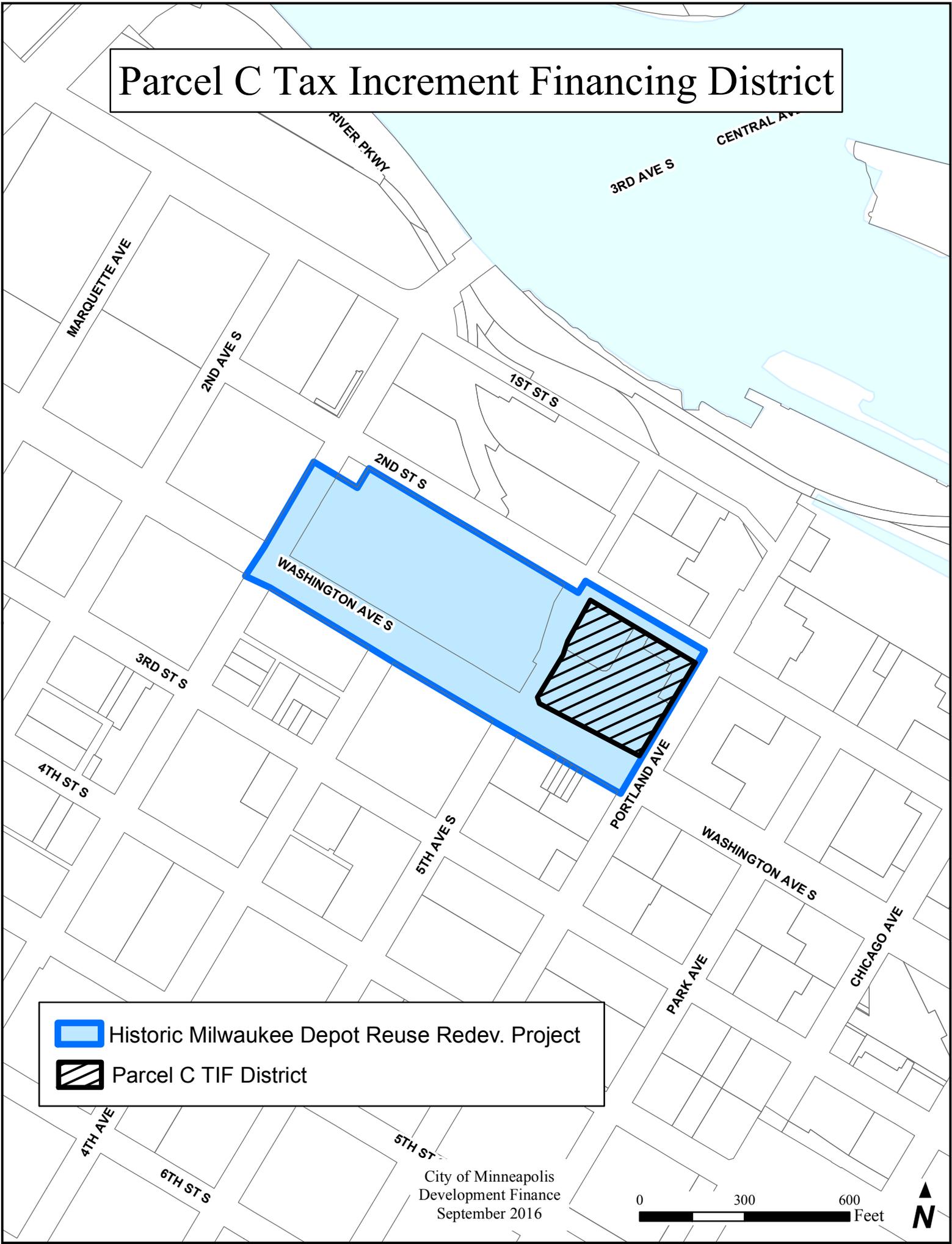
[Subsection IV.A. is replaced by the following language.]

The revised projection of the maximum project costs to be financed with tax increment revenues from the Parcel C TIF District is \$8,000,000. Anticipated sources and uses are listed below.

The City reserves the right to administratively adjust the amount of any of the line items listed below, or to incorporate additional eligible line items, provided that Total Uses does not exceed \$8,000,000.

Current Budget		Revised Budget	
<u>Sources</u>		<u>Sources</u>	
Tax Increment	\$6,617,997	Tax Increment	\$8,000,000
Total Sources	\$6,617,997	Total Sources	\$8,000,000
<u>Uses</u>		<u>Uses</u>	
Public Improvements	\$3,215,906	Public Improvements	\$3,215,906
Construction of Affordable Housing	1,180,000	Construction of Affordable Housing	1,180,000
City Administrative Costs	575,000	City Administrative Costs	575,000
Interest Expenses	1,647,091	Interest Expenses	3,029,094
Total Uses	\$6,617,997	Total Uses	\$8,000,000

Parcel C Tax Increment Financing District



-  Historic Milwaukee Depot Reuse Redev. Project
-  Parcel C TIF District

City of Minneapolis
Development Finance
September 2016



Modification No. 127 to the
Common Development and Redevelopment Plan
and Common Tax Increment Financing Plan

and

Modification No. 2 to the
UVB Site Tax Increment Finance Plan

Draft for Public Review
September 30, 2016

Table of Contents

(This Table of Contents is not part of Modification No. 127 to the Common Development and Redevelopment Plan and Common Tax Increment Financing Plan, and is only for convenience of reference.)

SECTION A. Common Development and Redevelopment Plan

Introduction	New
Subsection A.1. Mission Statement	No Change
Subsection A.2. Definitions	No Change
Subsection A.3. Description of Public Purpose	No Change
Subsection A.4. Objectives of Common Project	No Change
Subsection A.5. Structuring of Common Project	No Change
Subsection A.6. History of Establishment and Modifications of Projects and TIF Districts Included in Common Project Area	Changed
Subsection A.7. Estimated Public Improvement Costs	No Change
Subsection A.8. Boundaries of the Common Project Area	No Change
Subsection A.9. Development Program Requirements	No Change
Subsection A.10. Modifications to Common Development and Redevelopment Plan	No Change
Subsection A.11. Neighborhood Revitalization Program	No Change

SECTION B. Common Tax Increment Financing Plan

Modification No. 2 to the UVB Site Tax Increment Finance Plan

Subsection B.1.	Summaries of Participating Tax Increment Financing Districts	No Change
Subsection B.2.	Boundaries of Participating Tax Increment Financing Districts	No Change
Subsection B.3.	Statement of Objectives and Development Program, Including Property That May Be Acquired	No Change
Subsection B.4.	Properties to be Deleted From Participating Tax Increment Financing Districts	No Change
Subsection B.5.	Development Activity in Common Project for Which Contracts Have Been Signed and Other Specific Development Expected to Occur	No Change
Subsection B.6.	Description of Financing	Changed
	A. Project Costs	Changed
	B. Bonded Indebtedness to be Incurred	No Change
	C. Sources of Revenue	No Change
	D. Most Recent Net Tax Capacity	No Change
	E. Estimated Captured Net Tax Capacity	No Change
	F. Duration of the Tax Increment Financing District Existence	No Change
	G. Fiscal Disparities Election	No Change
	H. Original Tax Capacity Rate	No Change
	I. LGA/HACA Penalty Exemption	No Change
	J. Affordable Housing and Expenditures Outside TIF District	No Change
Subsection B.7.	Estimated Impact on Other Taxing Jurisdictions	No Change
Subsection B.8.	Modifications to Common Tax Increment Financing Plan	No Change
Subsection B.9.	Neighborhood Revitalization Program	No Change
Subsection B. 10.	Hazardous Substance Subdistrict Plan	No Change

Introduction

The City of Minneapolis projects that tax increment revenues and expenditures through the remaining duration of the UVB Site Tax Increment Financing (TIF) District will exceed the current TIF Plan budget. Modification No. 127 to the Common Development and Redevelopment Plan and Common TIF Plan (the “Common Plan”) and Modification No. 2 to the UVB Site TIF Plan amend the tax increment budget to authorize increased revenues and expenditures.

By reference, Modification No. 127 to the Common Plan and Modification No. 2 to the UVB Site TIF Plan are Incorporated Documents to the Common Plan.

Only those sections of the Common Plan and the UVB Site TIF Plan changed by the modifications appear below.

SECTION A. Common Development and Redevelopment Plan

[The following language is added to Subsection A.6.]

Subsection A. 6. History of Establishment and Modification of Projects and Tax Increment Financing Districts Included in Common Project Area

Project/District	Plan or Modification	Actual or Anticipated City Council Approval Date	Resolution Number
UVB Site Tax Increment Financing District	Modification No. 2 to the UVB Site Tax Increment Finance Plan	November 18, 2016	2016R-xxx
Common Project	Modification No. 127 to the Common Plan	November 18, 2016	2016R-xxx

SECTION B. Common Tax Increment Financing Plan

Subsection B.6. Description of Financing **(Changed)**

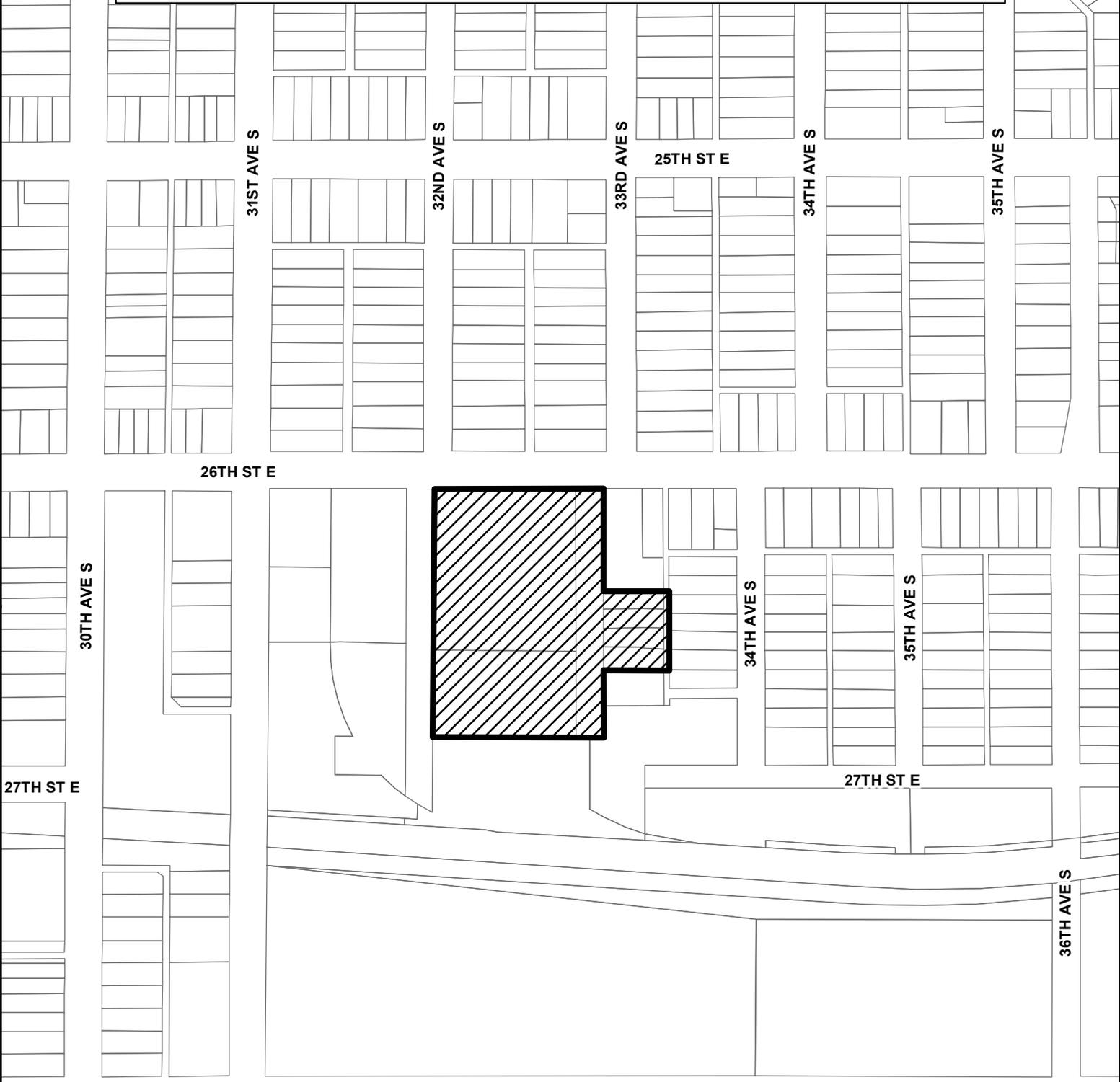
[The following language is added to Subsection B.6.]

The revised projection of the maximum project costs to be financed with tax increment revenues from the UVB Site TIF District is \$800,000. Anticipated sources and uses are listed below.

The City reserves the right to administratively adjust the amount of any of the line items listed below, or to incorporate additional eligible line items, provided that Total Uses does not exceed \$800,000.

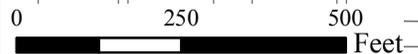
Current Budget		Revised Budget	
<u>Sources</u>		<u>Sources</u>	
Tax Increment	\$720,000	Tax Increment	\$800,000
Total Sources	\$720,000	Total Sources	\$800,000
<u>Uses</u>		<u>Uses</u>	
Land/Building Acquisition	\$1,300	Land/Building Acquisition	\$1,300
Site Improvements/Preparation Costs	9,000	Site Improvements/Preparation Costs	9,000
Public Improvements	315,000	Public Improvements	315,000
Construction of Affordable Housing	237,700	Construction of Affordable Housing	237,700
City Administrative Costs	72,000	City Administrative Costs	72,000
Interest Expenses	85,000	Interest Expenses	165,000
Total Uses	\$720,000	Total Uses	\$800,000

UVB Site Tax Increment Financing District

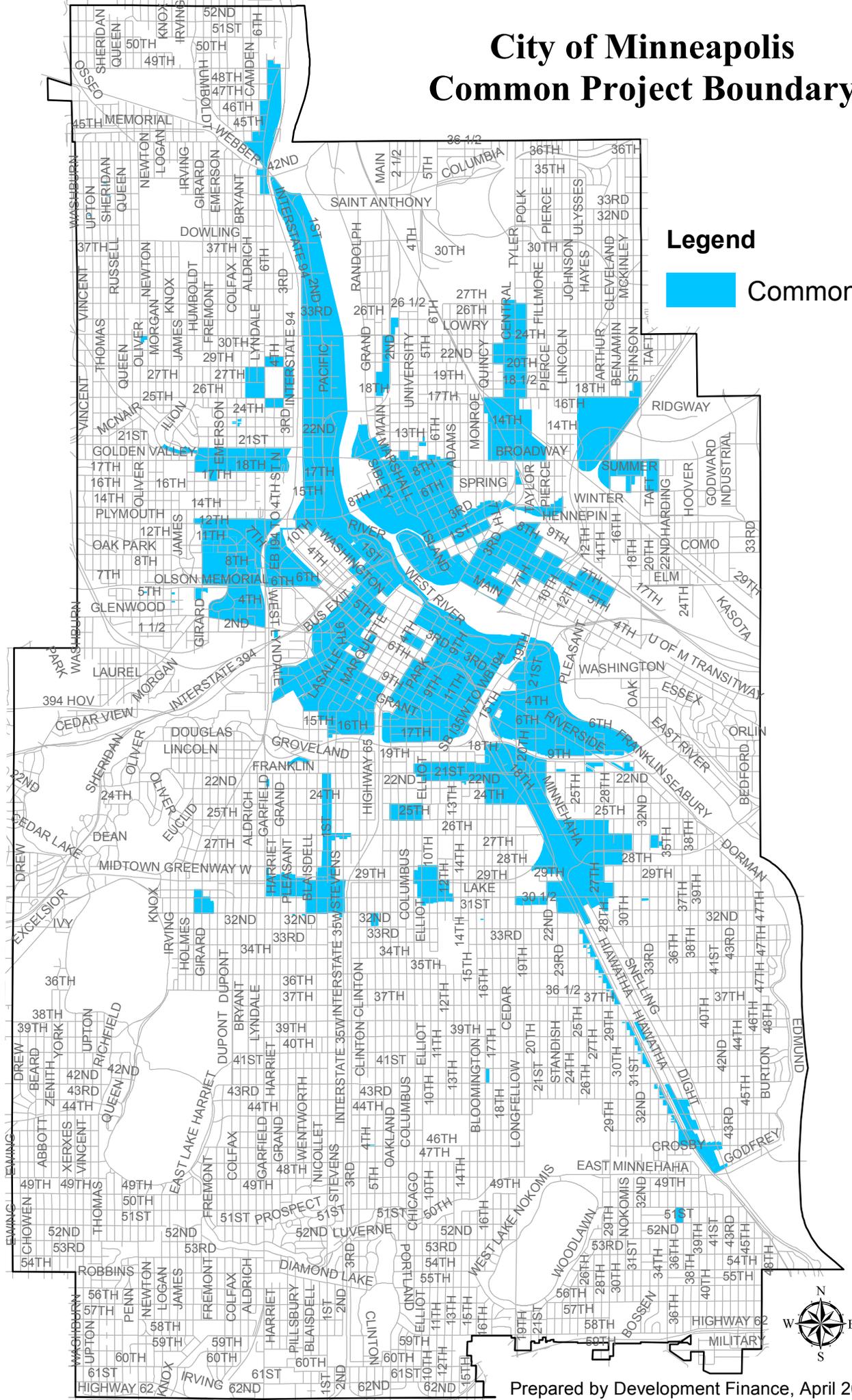


UVB Site TIF District

City of Minneapolis
Development Finance
September 2016



City of Minneapolis Common Project Boundary



Legend



Common Project

Modification No. 128 to the
Common Development and Redevelopment Plan
and Common Tax Increment Financing Plan

and

Modification No. 2 to the
Phillips Park Tax Increment Finance Plan

Draft for Public Review
September 30, 2016

Table of Contents

(This Table of Contents is not part of Modification No. 128 to the Common Development and Redevelopment Plan and Common Tax Increment Financing Plan, and is only for convenience of reference.)

SECTION A. Common Development and Redevelopment Plan

Introduction	New
Subsection A.1. Mission Statement	No Change
Subsection A.2. Definitions	No Change
Subsection A.3. Description of Public Purpose	No Change
Subsection A.4. Objectives of Common Project	No Change
Subsection A.5. Structuring of Common Project	No Change
Subsection A.6. History of Establishment and Modifications of Projects and TIF Districts Included in Common Project Area	Changed
Subsection A.7. Estimated Public Improvement Costs	No Change
Subsection A.8. Boundaries of the Common Project Area	No Change
Subsection A.9. Development Program Requirements	No Change
Subsection A.10. Modifications to Common Development and Redevelopment Plan	No Change
Subsection A.11. Neighborhood Revitalization Program	No Change

SECTION B. Common Tax Increment Financing Plan

Modification No. 2 to the Phillips Park Tax Increment Finance Plan

Subsection B.1.	Summaries of Participating Tax Increment Financing Districts	No Change
Subsection B.2.	Boundaries of Participating Tax Increment Financing Districts	No Change
Subsection B.3.	Statement of Objectives and Development Program, Including Property That May Be Acquired	No Change
Subsection B.4.	Properties to be Deleted From Participating Tax Increment Financing Districts	No Change
Subsection B.5.	Development Activity in Common Project for Which Contracts Have Been Signed and Other Specific Development Expected to Occur	No Change
Subsection B.6.	Description of Financing	Changed
	A. Project Costs	Changed
	B. Bonded Indebtedness to be Incurred	No Change
	C. Sources of Revenue	No Change
	D. Most Recent Net Tax Capacity	No Change
	E. Estimated Captured Net Tax Capacity	No Change
	F. Duration of the Tax Increment Financing District Existence	No Change
	G. Fiscal Disparities Election	No Change
	H. Original Tax Capacity Rate	No Change
	I. LGA/HACA Penalty Exemption	No Change
	J. Affordable Housing and Expenditures Outside TIF District	No Change
Subsection B.7.	Estimated Impact on Other Taxing Jurisdictions	No Change
Subsection B.8.	Modifications to Common Tax Increment Financing Plan	No Change
Subsection B.9.	Neighborhood Revitalization Program	No Change
Subsection B. 10.	Hazardous Substance Subdistrict Plan	No Change

Introduction

The City of Minneapolis projects that tax increment receipts and expenditures through the remaining duration of the Phillips Park Tax Increment Financing (TIF) District will exceed the current TIF Plan budget. Modification No. 128 to the Common Development and Redevelopment Plan and Common TIF Plan (the “Common Plan”) and Modification No. 2 to the Phillips Park TIF Plan amend the Phillips Park tax increment budget to authorize increased revenues and expenditures.

By reference, Modification No. 128 to the Common Plan and Modification No. 2 to the Phillips Park TIF Plan are Incorporated Documents to the Common Plan.

Only those sections of the Common Plan and the Phillips Park TIF Plan changed by the modifications appear below.

SECTION A. Common Development and Redevelopment Plan

[The following language is added to Subsection A.6.]

Subsection A. 6. History of Establishment and Modification of Projects and Tax Increment Financing Districts Included in Common Project Area

Project/District	Plan or Modification	Actual or Anticipated City Council Approval Date	Resolution Number
Phillips Park Tax Increment Financing District	Modification No. 2 to the Phillips Park Tax Increment Finance Plan	November 18, 2016	2016R-xxx
Common Project	Modification No. 128 to the Common Plan	November 18, 2016	2016R-xxx

SECTION B. Common Tax Increment Financing Plan

Subsection B.6. Description of Financing

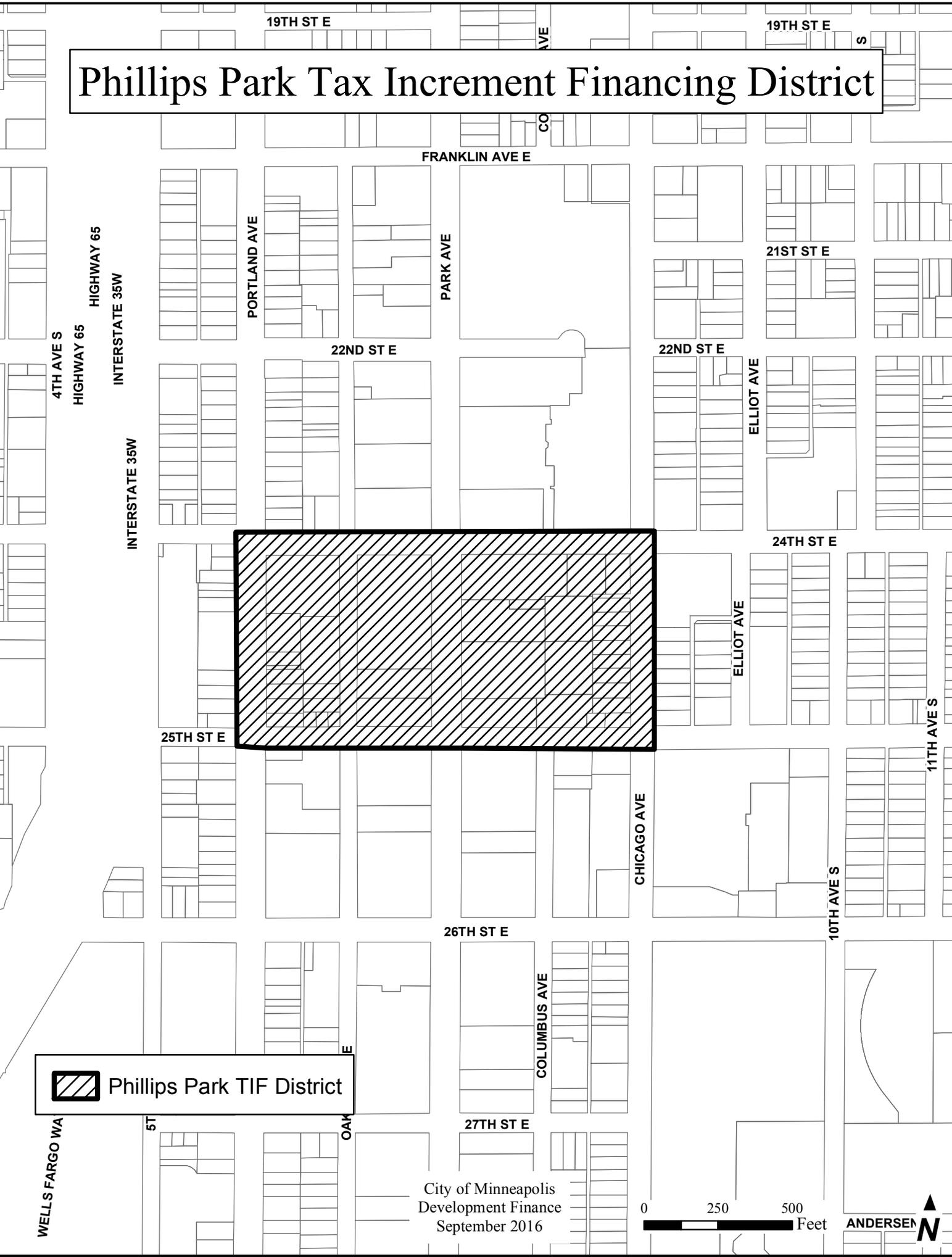
[The following language is added to Subsection B.6.]

The revised projection of the maximum project costs to be financed with tax increment revenues from the Phillips Park TIF District is \$1,100,000. Anticipated sources and uses are listed below.

The City reserves the right to administratively adjust the amount of any of the line items listed below, or to incorporate additional eligible line items, provided that Total Uses does not exceed \$1,100,000.

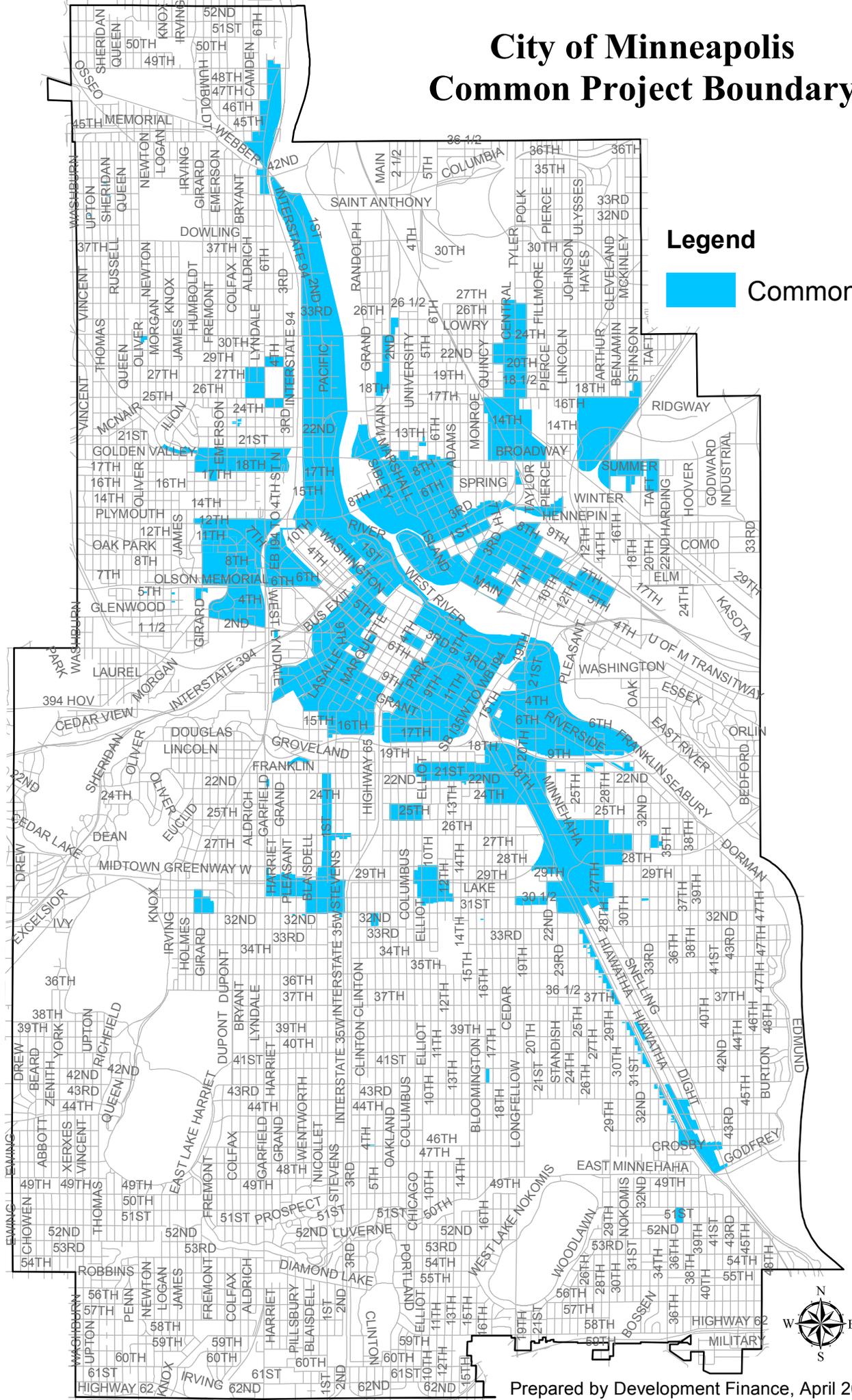
Current Budget			Revised Budget	
<u>Sources</u>			<u>Sources</u>	
Tax Increment	\$952,942		Tax Increment	\$1,100,000
Total Sources	\$952,942		Total Sources	\$1,100,000
<u>Uses</u>			<u>Uses</u>	
Public Improvements	\$650,000		Public Improvements	\$650,000
City Administrative Costs	65,000		City Administrative Costs	65,000
Interest Expenses	237,942		Interest Expenses	385,000
Total Uses	\$952,942		Total Uses	\$1,100,000

Phillips Park Tax Increment Financing District

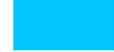


Phillips Park TIF District

City of Minneapolis Common Project Boundary



Legend



Common Project

Modification No. 2 to the Housing Replacement District Plan

Draft for Public Review
September 30, 2016

Table of Contents

Introduction.....	New
A. Definitions.....	No Change
B. Statutory Authorization.....	No Change
C. Statement of Objectives.....	No Change
D. Statement of Compliance.....	No Change
E. Criteria for Inclusion in the District.....	No Change
1. List of Parcels to be Included.....	No Change
2. Criteria for Adding Parcels.....	No Change
3. Procedure for Adding Parcels.....	No Change
4. Procedure for Deleting Parcels.....	No Change
F. Conditions for Acquisition.....	No Change
G. Proposed Development Activity.....	No Change
H. Description of District Financing.....	Changed
1. Total Project Costs.....	Changed
2. Sources of Revenue.....	Changed
3. Bonded Indebtedness.....	No Change
4. Eligible Uses of District Funds.....	No Change
I. Estimated Fiscal Impacts of District.....	No Change
1. Estimated Market Value of Completed Development.....	No Change
2. Original Tax Capacity.....	No Change
3. Estimated Captured Tax Capacity.....	No Change
4. Original Tax Capacity Rate.....	No Change
5. Estimated Tax Increment.....	No Change
6. Duration Limits.....	No Change
J. Estimated Impact.....	No Change
K. Basis for Finding Development Would Not Occur Without Tax Increment Financing Assistance.....	No Change
Market Value Analysis.....	No Change

Introduction

A housing replacement district (HRD) is a tax increment financing (TIF) district authorized by special legislation originally enacted by the Minnesota Legislature in 1995 and amended six times between 1996 and 2011. HRDs have as their sole purpose the acquisition and preparation of parcels for sale for the development of market rate housing, which is defined as housing with a market value that does not exceed 150 percent of the average market value of single-family housing in the city.

HRD TIF districts include parcels that consist of vacant land, vacant housing or substandard housing. HRD TIF plans authorize the expenditure of tax increment for acquisition, demolition, occupant relocation, site preparation, and pollution remediation in order to sell the parcels for development of new or rehabilitated market rate housing. The plans also authorize the use of tax increment revenues for acquisition and preparation of vacant land, vacant housing or substandard housing parcels located outside the HRDs, for redevelopment as market rate housing.

There are three Minneapolis HRDs, approved by the City Council in 1996, 2003 and 2009. The second and third districts were established after time limits for expanding existing districts were reached and as the special legislation was amended to allow greater numbers of parcels to be included in the HRDs.

The Housing Replacement District Plan, which established the first Minneapolis HRD (“HRD I”), was approved by the Minneapolis City Council on August 9, 1996. Modification No. 1 to the Plan, approved on December 18, 2009, updated Plan language to reflect changes in the special legislation authorizing HRDs.

This Modification No. 2 to the Housing Replacement District Plan amends the tax increment budget to authorize increased revenues and expenditures. It is currently projected that both tax increment revenues and expenditures through the remaining duration of HRD I will exceed the current TIF Plan budget.

Only those sections of the Housing Replacement District Plan changed by Modification No. 2 appear herein.

H. Description of District Financing

[Section H is modified as described below.]

1. Total Project Costs

[The following language is added to Section H.1.]

The revised projection of the maximum project costs to be financed by tax increment revenues from the Housing Replacement District is \$5,100,000. Anticipated sources and uses are listed below.

The City reserves the right to administratively adjust the amount of any of the line items listed below, or to incorporate additional eligible line items, provided that Total Uses does not exceed \$5,100,000.

[The Project Budget that appears in Section H.1. is replaced by the budget below.]

Current Budget		Revised Budget	
<u>Sources</u>		<u>Sources</u>	
Tax Increment	\$3,750,000	Tax Increment	\$5,100,000
Total Sources	\$3,750,000	Total Sources	\$5,100,000
<u>Uses</u>		<u>Uses</u>	
Land/Building Acquisition	\$2,000,000	Land/Building Acquisition	\$2,500,000
Site Improvements/Preparation Costs	1,500,000	Site Improvements/Preparation Costs	2,090,000
City Administrative Costs	250,000	City Administrative Costs	510,000
Total Uses	\$3,750,000	Total Uses	\$5,100,000

2. Sources of Revenue

[The description in Section H.2. of anticipated sources of funds to pay total project costs is replaced by the language below.]

Based on the amount of tax increment revenue that is projected to be generated by the District, the anticipated sources of funds to pay total project costs have been identified as follows:

Direct Payment or Reimbursement from	\$5,100,000
Tax Increment Revenue	
Qualifying Local Contribution Funds	1,700,000
Total Sources of Funding	\$6,800,000