



*As of October 10, 2018  
Draft for Public Hearing*

**Modification to the Redevelopment Plan  
for the Southeast Edina Redevelopment Project Area**

**and the**

**Tax Increment Financing Plan**

**for the establishment of**

**the 44th and France 2 Tax Increment Financing District  
(a renewal and renovation district)**

**within**

**the Southeast Edina Redevelopment Project Area**

Edina Housing and Redevelopment Authority  
City of Edina  
Hennepin County  
State of Minnesota

Public Hearing: October 16, 2018  
Adopted:



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(for reference purposes only)

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## **Section 1 - Modification to the Redevelopment Plan for the Southeast Edina Redevelopment Project Area**

### **Foreword**

The following text represents a Modification to the Redevelopment Plan for the Southeast Edina Redevelopment Project Area. This modification represents a continuation of the goals and objectives set forth in the Redevelopment Plan for the Southeast Edina Redevelopment Project Area. Generally, the substantive changes include the establishment of the 44th and France 2 Tax Increment Financing District.

### **Municipal Action Taken**

Based upon the statutory authority described in the Redevelopment Plan, the public purpose findings by the City Council and for the purpose of fulfilling the City's development objects as set forth in the Redevelopment Plan, the City Council has created, established and designated the Southeast Edina Redevelopment Plan pursuant to and in accordance with the requirements of Minnesota Statutes, Section 469.001 to 469.047.

The original and amended Southeast Edina Redevelopment Plan documents and amendments have designated the Southeast Edina Redevelopment Plan as a redevelopment project and also a tax increment financing plan for tax increment districts created prior to 1988. The Centennial Lakes Tax Increment Financing District was created in 1988 pursuant to Tax Increment Financing Plan 88-1, which was subsequently renamed the Centennial Lakes Tax Increment District and referred to by Hennepin County as District #1203 and #1249.

For purposes of clarification, this modification will refer to the Southeast Edina Redevelopment Plan as the Southeast Edina Redevelopment Project Area Plan pursuant to Minnesota Statutes 469.002. The following municipal action has been taken with regard to the Southeast Edina Redevelopment Project Area Plan:

*September 29, 1977:* The Housing and Redevelopment Authority of Edina (the "HRA") approved the Southeast Edina Redevelopment Project Area Plan.

*October 5, 1981:* The Southeast Edina Redevelopment Project Area Plan was amended to identify project costs and bonded indebtedness incurred to finance those costs.

*May 6, 1985:* The HRA and the City approved an amendment to the Southeast Edina Redevelopment Project Area Plan which includes the establishment of an interest reduction program and enlarges the project area to include the "1985 Project Area."

*August 19, 1985:* The HRA and the City approved the First Amendment to the 1985 Amendment to the Southeast Edina Redevelopment Project Area Plan to enlarge the 1985 Project Area and to authorize the issuance of additional bonds to acquire land within the enlarged 1985 Project Area.

*1987:* The HRA and City approved the 1987 Amendments to the Southeast Edina Redevelopment Plan to enlarge the project area to include the 1987 Project Area.

*1988:* The HRA and City approved the 1988 Amendments to the Southeast Edina Redevelopment Plan that provide an Interest Reduction Program in the amount of \$2,500,000 to assist in the financing and construction of housing units, and authorize the HRA and City to incur bonded indebtedness.

*February 21, 2012:* The HRA and City expand the Southeast Edina Project Area.

*April 17, 2012:* The HRA and City establish the Southdale 2 Tax Increment Financing District.

*February 18, 2014:* The HRA and City establish the Pentagon Park Tax Increment Financing District.

*March 2, 2016:* The HRA and City establish the Grandview 2 Tax Increment Financing District.

*April 5, 2016:* The HRA and City modify the Tax Increment Financing Plan for the Southdale 2 Tax Increment Financing District and establish the 66 West Tax Increment Financing District.

*June 20, 2017:* The HRA and City establish the 50<sup>th</sup> and France 2 Tax Increment Financing District.

***(AS MODIFIED OCTOBER 16, 2018)***

***October 16, 2018: The HRA and City are establishing the 44<sup>th</sup> and France 2 Tax Increment Financing District.***

For further information, a review of the Redevelopment Plan for the Southeast Edina Redevelopment Project Area is recommended. It is available from the HRA Executive Director at the City of Edina. Other relevant information is contained in the Tax Increment Financing Plans for the Tax Increment Financing Districts located within the Southeast Edina Redevelopment Project Area.

## **Section 2 - Tax Increment Financing Plan for the 44th and France 2 Tax Increment Financing District**

### **Subsection 2-1. Foreword**

The Edina Housing and Redevelopment Authority (the "HRA"), the City of Edina (the "City"), staff and consultants have prepared the following information to establish the 44th and France 2 Tax Increment Financing District (the "District"), a renewal and renovation tax increment financing district, located in the Southeast Edina Redevelopment Project Area.

### **Subsection 2-2. Statutory Authority**

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur or to promote a greater degree of development that allows City objectives to be fulfilled. To this end, the HRA and City have certain statutory powers pursuant to *Minnesota Statutes ("M.S."), Sections 469.001 to 469.047*, inclusive, as amended, and *M.S., Sections 469.174 to 469.1794*, inclusive, as amended (the "Tax Increment Financing Act" or "TIF Act"), to assist in financing public costs related to this project.

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Redevelopment Plan for the Southeast Edina Redevelopment Project Area, originally adopted September 29, 1977, and modified from time to time.

### **Subsection 2-3. Statement of Objectives**

The District currently consists of five parcels of land and adjacent and internal rights-of-way. As a part of the City's vision for the 44<sup>th</sup> and France Commercial Area, the District is being created to facilitate the redevelopment of underutilized, vacant, and obsolete structures to facilitate construction of approximately 46 new housing units and 7,000 square feet of street level commercial space in the City. Please see Appendix A for further District information. The HRA is considering an agreement with Orion Investments as the developer at the time of preparation of the TIF Plan. Redevelopment activities are proposed to begin in 2018 with substantial completion by 2020. This TIF Plan is expected to achieve many of the objectives outlined in the Redevelopment Plan for the Southeast Edina Redevelopment Project Area.

The activities contemplated in the Modification to the Redevelopment Plan and the TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of the Southeast Edina Redevelopment Project Area and the District.

### **Subsection 2-4. Redevelopment Plan Overview**

Pursuant to the Redevelopment Plan and authorizing state statutes, the HRA or City is authorized to undertake the following activities within the District:

1. Property to be Acquired - Selected property located within the District may be acquired by the HRA or City and is further described in this TIF Plan.
2. Relocation - Relocation services, to the extent required by law, are available pursuant to *M.S., Chapter 117* and other relevant state and federal laws.

3. Upon approval of a developer's plan relating to the project and completion of the necessary legal requirements, the HRA or City may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.
4. The HRA or City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.

### **Subsection 2-5. Description of Property in the District and Property To Be Acquired**

The District encompasses all property and adjacent rights-of-way and abutting roadways identified by the parcels listed in Appendix C of this TIF Plan. Please also see the map in Appendix B for further information on the location of the District.

The City may acquire any parcel within the District including interior and adjacent street rights of way. Any properties identified for acquisition will be acquired by the City only in order to accomplish one or more of the following: storm sewer improvements; provide land for needed public streets, utilities and facilities; carry out land acquisition, site improvements, clearance and/or development to accomplish the uses and objectives set forth in this plan. The City may acquire property by gift, dedication, condemnation or direct purchase from willing sellers in order to achieve the objectives of this TIF Plan. Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs.

### **Subsection 2-6. Classification of the District**

The HRA and City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1794*, as amended, inclusive, find that the District, to be established, is a renewal and renovation district pursuant to *M.S., Section 469.174, Subd. 10a* as defined below:

- (a) *"Renewal and renovation district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that:*
  - (1) (i) *parcels consisting of 70 percent of the area in the district are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures;*
  - (ii) *20 percent of the buildings are structurally substandard; and*
  - (iii) *30 percent of the other buildings require substantial renovation or clearance to remove existing conditions such as: inadequate street layout, incompatible uses or land use relationships, overcrowding of buildings on the land, excessive dwelling unit density, obsolete buildings not suitable for improvement or conversion, or other identified hazards to the health, safety, and general well-being of the community; and*
- (2) *The conditions described in clause (1) are reasonably distributed throughout the geographic area of the district.*

*(b) For purposes of determining whether a building is structurally substandard, whether parcels are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures, or whether noncontiguous areas qualify, the provisions of subdivision 10, paragraphs (b) through (f) apply.*

*M.S., Section 469.174, Subd. 10(b) through (f):*

*(b) For purposes of this subdivision, "structurally substandard" shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.*

*(c) A building is not structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence on the basis of reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs or other similar reliable evidence. The municipality may not make such a determination without an interior inspection of the property, but need not have an independent, expert appraisal prepared of the cost of repair and rehabilitation of the building. An interior inspection of the property is not required, if the municipality finds that (1) the municipality or authority is unable to gain access to the property after using its best efforts to obtain permission from the party that owns or controls the property; and (2) the evidence otherwise supports a reasonable conclusion that the building is structurally substandard.*

*(d) A parcel is deemed to be occupied by a structurally substandard building for purposes of the finding under paragraph (a) or by the improvement described in paragraph (e) if all of the following conditions are met:*

*(1) the parcel was occupied by a substandard building or met the requirements of paragraph (e), as the case may be, within three years of the filing of the request for certification of the parcel as part of the district with the county auditor;*

*(2) the substandard building or the improvements described in paragraph (e) were demolished or removed by the authority or the demolition or removal was financed by the authority or was done by a developer under a development agreement with the authority;*

*(3) the authority found by resolution before the demolition or removal that the parcel was occupied by a structurally substandard building or met the requirement of paragraph (e) and that after demolition and clearance the authority intended to include the parcel within a district; and*

*(4) upon filing the request for certification of the tax capacity of the parcel as part of a district, the authority notifies the county auditor that the original tax capacity of the parcel must be adjusted as provided by § 469.177, subdivision 1, paragraph (f).*

*M.S., Section 469.174, Subd. 10(a)(1) continued:*

- (e) For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures unless 15 percent of the area of the parcel contains buildings, streets, utilities, paved or gravel parking lots or other similar structures.*
- (f) For districts consisting of two or more noncontiguous areas, each area must qualify as a redevelopment district under paragraph (a) to be included in the district, and the entire area of the district must satisfy paragraph (a).*

In meeting the statutory criteria the HRA and City rely on the following facts and findings:

- The District is a renewal and renovation district consisting of five parcels.
- An inventory shows that parcels consisting of more than 70 percent of the area in the District are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures.
- An inspection of the buildings located within the District finds that more than 20 percent of the buildings are structurally substandard as defined in the TIF Act. (See Appendix F).
- An inspection of the buildings located within the District finds that more than 30 percent of the buildings require substantial renovation or clearance to remove existing conditions such as defined in the TIF Act. (See Appendix F)

Pursuant to *M.S., Section 469.176, Subd. 7*, the District does not contain any parcel or part of a parcel that qualified under the provisions of *M.S., Sections 273.111, 273.112, or 273.114* or *Chapter 473H* for taxes payable in any of the five calendar years before the filing of the request for certification of the District.

### **Subsection 2-7. Duration and First Year of Tax Increment of the District**

Pursuant to *M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1*, the duration and first year of tax increment of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the District will be 15 years after receipt of the first increment by the HRA or City (a total of 16 years of tax increment collection). The HRA or City elects to receive the first tax increment in 2021, which is no later than four years following the year of approval of the District.

Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2036, or when the TIF Plan is satisfied. The HRA or City reserves the right to decertify the District prior to the legally required date.

### **Subsection 2-8. Original Tax Capacity, Tax Rate and Estimated Captured Net Tax Capacity Value/Increment and Notification of Prior Planned Improvements**

Pursuant to *M.S., Section 469.174, Subd. 7* and *M.S., Section 469.177, Subd. 1*, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor in 2018 for taxes payable 2019.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2021) the amount by which the original value has increased or decreased as a result of:

1. Change in tax exempt status of property;
2. Reduction or enlargement of the geographic boundaries of the district;
3. Change due to adjustments, negotiated or court-ordered abatements;
4. Change in the use of the property and classification;
5. Change in state law governing class rates; or
6. Change in previously issued building permits.

In any year in which the current Net Tax Capacity (NTC) value of the District declines below the ONTC, no value will be captured and no tax increment will be payable to the HRA or City.

The original local tax rate for the District will be the local tax rate for taxes payable 2019, assuming the request for certification is made before June 30, 2019. The ONTC and estimate of the Original Local Tax Rate for the District appear in the table below.

Pursuant to *M.S., Section 469.174 Subd. 4* and *M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within the Southeast Edina Redevelopment Project Area, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The HRA and City request 100 percent of the available increase in tax capacity for repayment of its obligations and current expenditures, beginning in the tax year payable 2021. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

<b>Project Estimated Tax Capacity upon Completion (PTC)</b>	<b>\$299,297</b>	
<b>Original Estimated Net Tax Capacity (ONTC)</b>	<b>\$28,800</b>	
<b>Fiscal Disparities Contribution</b>	<b>\$22,301</b>	
<b>Estimated Captured Tax Capacity (CTC)</b>	<b>\$248,196</b>	
<b>Original Local Tax Rate</b>	<b>1.12296</b>	Pay 2018
<b>Estimated Annual Tax Increment (CTC x Local Tax Rate)</b>	<b>\$278,714</b>	
<b>Percent Retained by the HRA</b>	<b>100%</b>	

Tax capacity includes a 1% inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 16. The tax capacity of the District in year one is estimated to be \$56,875.

Pursuant to *M.S., Section 469.177, Subd. 4*, the HRA shall, after a due and diligent search, accompany its request for certification to the County Auditor or its notice of the District enlargement pursuant to *M.S., Section 469.175, Subd. 4*, with a listing of all properties within the District or area of enlargement for which building permits have been issued during the eighteen (18) months immediately preceding approval of the TIF Plan by the municipality pursuant to *M.S., Section 469.175, Subd. 3*. The County Auditor shall increase the original net tax capacity of the District by the net tax capacity of improvements for which a building permit was issued.

**The City has reviewed the area to be included in the District and determined no building permits have been issued during the 18 months immediately preceding approval of the TIF Plan by the City.**

### **Subsection 2-9. Budgeted Sources of Revenue/Bonds to be Issued**

The total estimated tax increment revenues for the District are calculated in Appendix D and are shown in the table below:

<b><u>SOURCES OF FUNDS</u></b>	<b><u>TOTAL</u></b>
Tax Increment	\$3,890,260
Interest	\$194,513
<b>TOTAL</b>	<b>\$4,084,773</b>

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The HRA or City reserves the right to incur bonds or other indebtedness to help achieve the objectives of the TIF Plan. As currently proposed, the projects within the District will be financed by a pay-as-you-go note issued to reimburse the Developer for the funding of qualified redevelopment costs. Any refunding amounts will be deemed a budgeted cost without a formal TIF Plan Modification. This provision does not obligate the HRA or City to incur debt. The HRA or City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The HRA or City may issue bonds (as defined in the TIF Act) secured in whole or in part with tax increments from the District in a maximum principal amount of \$2,884,407. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval. Further information can be found in Appendix D.

### **Subsection 2-10. Uses of Funds**

Currently under consideration for the District is a proposal to facilitate the redevelopment and construction of approximately 46 housing units and 7,000 square feet of commercial space. The HRA and City have determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described.

The HRA has studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the table below. These estimates establish the maximum amount permitted to be expended, but the City/HRA is not obligated to expend this full amount.

<u>USES OF TAX INCREMENT FUNDS</u>	<u>TOTAL</u>
Site Improvements/Preparation	\$959,000
Utilities	\$723,000
Construction of Affordable Housing	\$194,513
Other Qualifying Improvements	\$813,381
<u>Administrative Costs (up to 10%)</u>	<u>\$194,513</u>
PROJECT COST TOTAL	\$2,884,407
<u>Interest</u>	<u>\$1,200,366</u>
<b>PROJECT AND INTEREST COSTS TOTAL</b>	<b>\$4,084,773</b>

The total project cost, including financing costs (interest) listed in the table above does not exceed the total projected tax increments for the District as shown in Subsection 2-9.

Estimated costs associated with the District are subject to change among categories without a modification to this TIF Plan as permitted by *M.S. Section 469.175, Subd. 4*. The cost of all activities to be considered for tax increment financing will not exceed, without formal modification, the budget above pursuant to the applicable statutory requirements. Pursuant to *M.S., Section 469.1763, Subd. 2*, no more than 20 percent of the tax increment paid by property within the District will be spent on activities related to development or redevelopment outside of the District but within the boundaries of the Southeast Edina Redevelopment Project Area, (including administrative costs, which are considered to be spent outside of the District) subject to the limitations as described in this TIF Plan.

Pursuant to *M.S., Section 469.1763, Subd. 2(d)*, the HRA and City may elect to increase by up to ten percentage points the permitted amount of expenditures for activities located outside the geographic area of the District. The HRA and City intend to pool tax increment paid by property within the District to be used to assist housing that meets the requirements contained in *M.S., Section 469.1763, Subd. 2(d)*.

### **Subsection 2-11. Fiscal Disparities Election**

Pursuant to *M.S., Section 469.177, Subd. 3*, the City may elect one of two methods to calculate fiscal disparities. If the calculations pursuant to *M.S., Section 469.177, Subd. 3, clause b*, (within the District) are followed, the following method of computation shall apply:

- (1) *The original net tax capacity shall be determined before the application of the fiscal disparity provisions of Chapter 276A or 473F. The current net tax capacity shall exclude any fiscal disparity commercial-industrial net tax capacity increase between the original year and the current year multiplied by the fiscal disparity ratio determined pursuant to M.S., Section 276A.06, subdivision 7 or M.S., Section 473F.08, subdivision 6. Where the original net tax capacity is equal to or greater than the current net tax capacity, there is no captured tax capacity and no tax increment determination. Where the original tax capacity is less than the current tax capacity, the difference between the original net tax capacity and the current net tax capacity is the captured net tax capacity. This amount less any portion thereof which the authority has designated, in its tax increment financing plan, to share with the local taxing districts is the retained captured net tax capacity of the authority.*

- (2) *The county auditor shall exclude the retained captured net tax capacity of the authority from the net tax capacity of the local taxing districts in determining local taxing district tax rates. The local tax rates so determined are to be extended against the retained captured net tax capacity of the authority as well as the net tax capacity of the local taxing districts. The tax generated by the extension of the less of (A) the local taxing district tax rates or (B) the original local tax rate to the retained captured net tax capacity of the authority is the tax increment of the authority.*

**The city chooses to calculate fiscal disparities by clause b.**

According to *M.S., Section 469.177, Subd. 3*:

- (c) *The method of computation of tax increment applied to a district pursuant to paragraph (a) or (b) shall remain the same for the duration of the district, except that the governing body may elect to change its election from the method of computation in paragraph (a) to the method in paragraph (b).*

**Subsection 2-12. Business Subsidies**

*M.S. Section 116J.993 to 116J.995 defines a business subsidy as a “grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease or other obligation, or any preferential use of government facilities given to a business.” Also included in the definition are many forms of economic assistance. Some forms of assistance, such as tax increment for redevelopment and housing, are specifically excluded from business subsidy requirements. Pursuant to *M.S., Section 116J.993, Subd. 3*, the following forms of financial assistance are not considered a business subsidy:*

- (1) *A business subsidy of less than \$150,000;*
- (2) *Assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;*
- (3) *Public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;*
- (4) *Redevelopment property polluted by contaminants as defined in *M.S., Section 116J.552, Subd. 3*;*
- (5) *Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and assistance provided for designated historic preservation districts, provided that the assistance is equal to or less than 50% of the total cost;*
- (6) *Assistance to provide job readiness and training services if the sole purpose of the assistance is to provide those services;*
- (7) *Assistance for housing;*
- (8) *Assistance for pollution control or abatement, including assistance for a tax increment financing hazardous substance subdistrict as defined under *M.S., Section 469.174, Subd. 23*;*
- (9) *Assistance for energy conservation;*
- (10) *Tax reductions resulting from conformity with federal tax law;*
- (11) *Workers' compensation and unemployment compensation;*
- (12) *Benefits derived from regulation;*
- (13) *Indirect benefits derived from assistance to educational institutions;*

- (14) Funds from bonds allocated under chapter 474A, bonds issued to refund outstanding bonds, and bonds issued for the benefit of an organization described in section 501 (c) (3) of the Internal Revenue Code of 1986, as amended through December 31, 1999;
- (15) Assistance for a collaboration between a Minnesota higher education institution and a business;
- (16) Assistance for a tax increment financing soils condition district as defined under M.S., Section 469.174, Subd. 19;
- (17) Redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value;
- (18) General changes in tax increment financing law and other general tax law changes of a principally technical nature;
- (19) Federal assistance until the assistance has been repaid to, and reinvested by, the state or local government agency;
- (20) Funds from dock and wharf bonds issued by a seaway port authority;
- (21) Business loans and loan guarantees of \$150,000 or less;
- (22) Federal loan funds provided through the United States Department of Commerce, Economic Development Administration; and
- (23) Property tax abatements granted under M.S., Section 469.1813 to property that is subject to valuation under Minnesota Rules, chapter 8100.

The HRA will comply with M.S., Sections 116J.993 to 116J.995 to the extent the tax increment assistance under this TIF Plan does not fall under any of the above exemptions.

### **Subsection 2-13. County Road Costs**

Pursuant to M.S., Section 469.175, Subd. 1a, the county board may require the HRA or City to pay for all or part of the cost of county road improvements if the proposed development to be assisted by tax increment will, in the judgment of the county, substantially increase the use of county roads requiring construction of road improvements or other road costs and if the road improvements are not scheduled within the next five years under a capital improvement plan or within five years under another county plan.

The county roads in the vicinity of the District include France Avenue (County Road 17). The HRA and the City are aware that the county could claim that tax increment should be used for county roads, even after the public hearing. If the county elects to use increments to improve county roads, it must notify the HRA or City within forty-five days of receipt of the TIF Plan submitted September 14, 2018. In the opinion of the HRA, City and consultants, the proposed development outlined in this TIF Plan will have little or no impact upon county roads.

### **Subsection 2-14. Estimated Impact on Other Taxing Jurisdictions**

The estimated impact on other taxing jurisdictions assumes that the redevelopment contemplated by the TIF Plan would occur without the creation of the District. However, the HRA or City has determined that such development or redevelopment would not occur "but for" tax increment financing and that, therefore, the fiscal impact on other taxing jurisdictions is \$0.

The estimated fiscal impact of the District would be as follows if the "but for" test was not met:

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**IMPACT ON TAX BASE IF “BUT FOR” NOT MET**

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	<b>2017/Pay 2018 Total Net Tax Capacity</b>	<b>Estimated Captured Tax Capacity (CTC) Upon Completion</b>	<b>Percent of CTC to Entity Total</b>
Hennepin County	1,685,924,784	248,196	<b>0.0147%</b>
City of Edina	125,242,169	248,196	<b>0.1982%</b>
Edina Independent School District ISD No. 273	103,546,097	248,196	<b>0.2397%</b>

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**IMPACT ON TAX RATES IF “BUT FOR” NOT MET**

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	<b>Pay 2018 Extension Rates</b>	<b>Percent of Total Rate</b>	<b>CTC</b>	<b>Potential Annual Taxes</b>
Hennepin County	0.428080	38.12%	248,196	<b>106,248</b>
City of Edina	0.278490	24.80%	248,196	<b>69,120</b>
Edina Independent School District ISD No. 273	0.309720	27.58%	248,196	<b>76,871</b>
Other	<u>0.106670</u>	<u>9.50%</u>	<u>248,196</u>	<b>26,475</b>
<b>Total</b>	1.122960	100.00%		<b>278,714</b>

The estimates listed above display the captured tax capacity (CTC) when all construction anticipated in Appendix A is completed. The tax rate used for calculations is the actual Pay 2018 rate as obtained from Hennepin County. The total net capacity for the entities listed above are based on actual Pay 2018 figures. The District will be certified under the actual Pay 2019 rates, which were unavailable at the time this TIF Plan was prepared, assuming the request for certification is made prior to June 30, 2019.

Pursuant to *M.S. Section 469.175 Subd. 2(b)*:

- (1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is \$3,890,260;
- (2) Probable impact of the District on city provided services and ability to issue debt. Based upon input from the Edina Police Department, an impact of the District on police protection is not expected. The City Police Department does track all calls for service including property-type calls and crimes. With any addition of new residents or businesses, police calls for service will be increased. New developments add an increase in traffic and additional overall demands to the call load. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment.

Based upon input from the Edina Fire Department, the probable impact of the District on fire protection is not expected to be significant. The City expects some increased costs of inspections and that the development will generate a minor increase in EMS calls, depending on the occupancy mix of the residential units. Typically new buildings compliant with building and fire codes generate few fire calls, if any, and are of superior construction beneficial to the mission of the Fire Department.

Based upon input from the Edina Engineering Department, the impact of the District on public infrastructure is expected to be minimal. The redevelopment is not expected to require additional public infrastructure to address its impact to traffic movement in the area. The current infrastructure for sanitary sewer, storm sewer and water will be able to handle the additional volume generated from the proposed development. Based on the development plans, costs associated with street maintenance, sweeping, plowing, lighting and sidewalks are expected to be neutral. The redevelopment in the District is expected to contribute an estimated \$323,516 in sanitary sewer (SAC) and water (WAC) connection fees.

It is not anticipated that there will be any general obligation debt issued in relation to this District, therefore there will be no impact on the City's ability to issue future debt or on the City's debt limit.

- (3) Estimated amount of tax increment attributable to school district levies. *M.S. Section 469.175 Subd. 2 (b)* requires the TIF Plan to calculate “*the estimated amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district’s share of the total local tax rate for a taxing jurisdictions remained the same.*” The amount of tax increments over the life of the district that would be attributable to school district levies, assuming the school district’s share of the total local tax rate for all taxing jurisdictions remained the same, is \$1,072,934. The amount is calculated by multiplying the total estimated increment of \$3,890,260 by the percent of the total tax rate attributable to the school district based on its Pay 2018 tax rate of 27.58%
- (4) Estimated amount of tax increment attributable to county levies. *M.S., Section 469.175 Subd. 2(b)* requires the TIF Plan to calculate “*the estimated amount of tax increments over the life of the District that would be attributable to county levies, assuming the county’s share of the total local tax rate for all taxing jurisdictions remained the same.*” The amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is \$1,482,967. The amount is calculated by multiplying the total estimated increment of \$3,890,260 by the percent of the total tax rate attributable to the county based on its Pay 2018 tax rate of 38.12%;
- (5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S. Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

At this time, no requests for additional information from the county or school district regarding the proposed redevelopment for the District have been received

### **Subsection 2-15. Supporting Documentation**

Pursuant to *M.S. Section 469.175, Subd. 1 (a), clause 7* the TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S. Section 469.175, Subd. 3, clause (b)(2)* and the findings that are required in the resolution approving the District. Following is a list of reports and studies on file at the City that support the HRA and City's findings:

- Traffic Impact Study: 4500 France Apartments. Sprack Consulting. June, 2018.
- Renewal and Renovation TIF Qualifications Report. Stantec, 2018.
- Small Area Plan for the City of Edina's 44<sup>th</sup> & France Neighborhood Node, 2018.
- France Avenue Apartments Site Plan, 2018.

### **Subsection 2-16. Definition of Tax Increment Revenues**

Pursuant to *M.S., Section 469.174, Subd. 25*, tax increment revenues derived from a tax increment financing district include all of the following potential revenue sources:

1. *Taxes paid by the captured net tax capacity, but excluding any excess taxes, as computed under M.S., Section 469.177;*
2. *The proceeds from the sale or lease of property, tangible or intangible, to the extent the property was purchased by the authority with tax increments;*
3. *Principal and interest received on loans or other advances made by the authority with tax increments;*
4. *Interest or other investment earnings on or from tax increments;*
5. *Repayments or return of tax increments made to the Authority under agreements for districts for which the request for certification was made after August 1, 1993;*

### **Subsection 2-17. Modifications to the District**

In accordance with *M.S., Section 469.175, Subd. 4*, any:

1. *Reduction or enlargement of the geographic area of the District, if the reduction does not meet the requirements of M.S., Section 469.175, Subd. 4(e);*
2. *Increase in amount of bonded indebtedness to be incurred;*
3. *A determination to capitalize interest on debt if that determination was not a part of the original TIF Plan;*
4. *Increase in the portion of the captured net tax capacity to be retained by the HRA or City;*
5. *Increase in the estimate of the cost of the District, including administrative expenses, that will be paid or financed with tax increment from the District; or*
6. *Designation of additional property to be acquired by the HRA or City,*

shall be approved upon the notice and after the discussion, public hearing and findings required for approval of the original TIF Plan.

Pursuant to *M.S. Section 469.175 Subd. 4(f)*, the geographic area of the District may be reduced, but shall not be enlarged after five years following the date of certification of the original net tax capacity by the county auditor. If a renewal and renovation district is enlarged, the reasons and supporting facts for the determination that the addition to the district meets the criteria of *M.S., Section 469.174, Subd. 10a*, must be documented in writing and retained. The requirements of this paragraph do not apply if (1) the only

modification is elimination of parcel(s) from the District and (2)(A) the current net tax capacity of the parcel(s) eliminated from the District equals or exceeds the net tax capacity of those parcel(s) in the District's original net tax capacity or (B) the HRA agrees that, notwithstanding *M.S., Section 469.177, Subd. 1*, the original net tax capacity will be reduced by no more than the current net tax capacity of the parcel(s) eliminated from the District.

The HRA or City must notify the County Auditor of any modification to the District. Modifications to the District in the form of a budget modification or an expansion of the boundaries will be recorded in the TIF Plan.

### **Subsection 2-18. Administrative Expenses**

In accordance with *M.S., Section 469.174, Subd. 14*, administrative expenses means all expenditures of the HRA or City, *other than*:

1. *Amounts paid for the purchase of land;*
2. *Amounts paid to contractors or others providing materials and services, including architectural and engineering services, directly connected with the physical development of the real property in the District;*
3. *Relocation benefits paid to or services provided for persons residing or businesses located in the District;*
4. *Amounts used to pay principal or interest on, fund a reserve for, or sell at a discount bonds issued pursuant to M.S., Section 469.178; or*
5. *Amounts used to pay other financial obligations to the extent those obligations were used to finance costs described in clauses (1) to (3).*

Administrative expenses also include amounts paid for services provided by bond counsel, fiscal consultants, and planning or economic development consultants. For districts for which certification was requested after July 31, 2001, pursuant to *M.S., Section 469.176, Subd. 3*, tax increment may be used to pay any **authorized and documented** administrative expenses for the District up to but not to exceed 10 percent of the total estimated tax increment expenditures authorized by the TIF Plan or the total tax increments, as defined by *M.S., Section 469.174, Subd. 25, clause (1)*, from the District, whichever is less.

Pursuant to *M.S., Section 469.176, Subd. 4h*, tax increments may be used to pay for the County's actual administrative expenses incurred in connection with the District and are not subject to the percentage limits of *M.S., Section 469.176, Subd. 3*. The county may require payment of those expenses by February 15 of the year following the year the expenses were incurred.

Pursuant to *M.S., Section 469.177, Subd. 11*, the County Treasurer shall deduct an amount (currently 0.36 percent) of any increment distributed to the HRA or City and the County Treasurer shall pay the amount deducted to the State Commissioner of Management and Budget for deposit in the state general fund to be appropriated to the State Auditor for the cost of financial reporting of tax increment financing information and the cost of examining and auditing authorities' use of tax increment financing. This amount may be adjusted annually by the Commissioner of Revenue.

### **Subsection 2-19. Limitation of Increment**

The tax increment pledged to the payment of bonds and interest thereon may be discharged and the District may be terminated if sufficient funds have been irrevocably deposited in the debt service fund or other

escrow account held in trust for all outstanding bonds to provide for the payment of the bonds at maturity or redemption date.

Pursuant to *M.S., Section 469.176, Subd. 6:*

*if, after four years from the date of certification of the original net tax capacity of the tax increment financing district pursuant to M.S., Section 469.177, no demolition, rehabilitation or renovation of property or other site preparation, including qualified improvement of a street adjacent to a parcel but not installation of utility service including sewer or water systems, has been commenced on a parcel located within a tax increment financing district by the authority or by the owner of the parcel in accordance with the tax increment financing plan, no additional tax increment may be taken from that parcel, and the original net tax capacity of that parcel shall be excluded from the original net tax capacity of the tax increment financing district. If the authority or the owner of the parcel subsequently commences demolition, rehabilitation or renovation or other site preparation on that parcel including qualified improvement of a street adjacent to that parcel, in accordance with the tax increment financing plan, the authority shall certify to the county auditor that the activity has commenced and the county auditor shall certify the net tax capacity thereof as most recently certified by the commissioner of revenue and add it to the original net tax capacity of the tax increment financing district. The county auditor must enforce the provisions of this subdivision. The authority must submit to the county auditor evidence that the required activity has taken place for each parcel in the district. The evidence for a parcel must be submitted by February 1 of the fifth year following the year in which the parcel was certified as included in the district. For purposes of this subdivision, qualified improvements of a street are limited to (1) construction or opening of a new street, (2) relocation of a street, and (3) substantial reconstruction or rebuilding of an existing street.*

The HRA or City or a property owner must improve parcels within the District by approximately June 2023 and report such actions to the County Auditor.

### **Subsection 2-20. Use of Tax Increment**

The HRA or City hereby determines that it will use 100 percent of the captured net tax capacity of taxable property located in the District for the following purposes:

1. To pay the principal of and interest on bonds issued to finance a project;
2. To finance, or otherwise pay public redevelopment costs of the the Southeast Edina Redevelopment Project Area pursuant to *M.S., Sections 469.001 to 469.047;*
3. To pay for project costs as identified in the budget set forth in the TIF Plan;
4. To finance, or otherwise pay for other purposes as provided in *M.S., Section 469.176, Subd. 4;*
5. To pay principal and interest on any loans, advances or other payments made to or on behalf of the HRA or City or for the benefit of the Southeast Edina Redevelopment Project Area by a developer;
6. To finance or otherwise pay premiums and other costs for insurance or other security guaranteeing the payment when due of principal of and interest on bonds pursuant to the TIF Plan or pursuant to *M.S., Chapter 462C. M.S., Sections 469.152 through 469.165, and/or M.S., Sections 469.178;* and
7. To accumulate or maintain a reserve securing the payment when due of the principal and interest on the tax increment bonds or bonds issued pursuant to *M.S., Chapter 462C, M.S., Sections 469.152 through 469.165, and/or M.S., Sections 469.178.*

These revenues shall not be used to circumvent any levy limitations applicable to the City nor for other

purposes prohibited by *M.S., Section 469.176, Subd. 4.*

Tax increments generated in the District will be paid by Hennepin County to the HRA for the Tax Increment Fund of said District. The HRA or City will pay to the developer(s) annually an amount not to exceed an amount as specified in a developer's agreement to reimburse the costs of land acquisition, public improvements, demolition and relocation, site preparation, other qualifying improvements, and administration. Remaining increment funds will be used for HRA or City administration (up to 10 percent) and for the costs of public improvement activities or qualifying affordable housing outside the District.

### **Subsection 2-21. Excess Increments**

Excess increments, as defined in *M.S., Section 469.176, Subd. 2*, shall be used only to do one or more of the following:

1. Prepay any outstanding bonds;
2. Discharge the pledge of tax increment for any outstanding bonds;
3. Pay into an escrow account dedicated to the payment of any outstanding bonds; or
4. Return the excess to the County Auditor for redistribution to the respective taxing jurisdictions in proportion to their local tax rates.

Pursuant to *M.S., Section 469.176, Subd. 2*, “*The authority shall annually determine the amount of excess increments for a district, if any. This determination must be based on the tax increment financing plan in effect on December 31 of the year and the increment and other revenues received as of December 31 of the year. The authority must spend or return the excess increments under paragraph (c) within nine months after the end of the year.*” In addition, the HRA or City may, subject to the limitations set forth herein, choose to modify the TIF Plan in order to finance additional public costs in the Southeast Edina Redevelopment Project Area or the District.

### **Subsection 2-22. Requirements for Agreements with the Developer**

The HRA or City will review any proposal for private development to determine its conformance with the Redevelopment Plan and with applicable municipal ordinances and codes. To facilitate this effort, the following documents may be requested for review and approval: site plan, construction, mechanical, and electrical system drawings, landscaping plan, grading and storm drainage plan, signage system plan, and any other drawings or narrative deemed necessary by the HRA or City to demonstrate the conformance of the development with City plans and ordinances. The HRA or City may also use the Agreements to address other issues related to the development.

Pursuant to *M.S., Section 469.176, Subd. 5*, no more than 25 percent, by acreage, of the property to be acquired in the project area as set forth in the TIF Plan shall at any time be owned by the HRA or City as a result of acquisition with the proceeds of bonds issued pursuant to *M.S., Section 469.178* to which tax increments from property acquired is pledged, unless prior to acquisition in excess of 25 percent of the acreage, the HRA or City concluded an agreement for the development or redevelopment of the property acquired and which provides recourse for the HRA or City should the development or redevelopment not be completed.

### **Subsection 2-23. Assessment Agreements**

Pursuant to *M.S., Section 469.177, Subd. 8*, the HRA or City may enter into a written assessment agreement

in recordable form with the developer of property within the District which establishes a minimum market value of the land and completed improvements for the duration of the District. The assessment agreement shall be presented to the County Assessor who shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land upon which the improvements are to be constructed and, so long as the minimum market value contained in the assessment agreement appears, in the judgment of the assessor, to be a reasonable estimate, the County Assessor shall also certify the minimum market value agreement.

### **Subsection 2-24. Administration of the District**

Administration of the District will be handled by the HRA Executive Director.

### **Subsection 2-25. Annual Disclosure Requirements**

Pursuant to *M.S., Section 469.175, Subds. 5, 6, and 6b* the HRA or City must undertake financial reporting for all tax increment financing districts to the Office of the State Auditor, County Board and County Auditor on or before August 1 of each year. *M.S., Section 469.175, Subd. 5* also provides that an annual statement shall be published in a newspaper of general circulation in the City on or before August 15.

If the City fails to make a disclosure or submit a report containing the information required by *M.S., Section 469.175 Subd. 5 and Subd. 6*, the Office of the State Auditor will direct the County Auditor to withhold the distribution of tax increment from the District.

### **Subsection 2-26. Reasonable Expectations**

As required by the TIF Act, in establishing the District, the determination has been made that the anticipated development would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the 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 TIF Plan. In making said determination, reliance has been placed upon written representation made by the developer to such effects and upon HRA and City staff awareness of the feasibility of developing the project site(s) within the District. A comparative analysis of estimated market values both with and without establishment of the District and the use of tax increments has been performed as described above. Such analysis is included with the cashflow in Appendix D, and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the District and the use of tax increments.

### **Subsection 2-27. Other Limitations on the Use of Tax Increment**

1. General Limitations. All revenue derived from tax increment shall be used in accordance with the TIF Plan. The revenues shall be used to finance, or otherwise pay public redevelopment costs of the the Southeast Edina Redevelopment Project Area pursuant to *M.S., Sections 469.001 to 469.047*. Tax increments may not be used to circumvent existing levy limit law. No tax increment may be used for the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the state or federal government. This provision does not prohibit the use of revenues derived from tax increments for the construction or renovation of a parking structure.

2. Pooling Limitations. At least 80 percent of tax increments from the District must be expended on activities in the District or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities within said district or to pay, or secure payment of, debt service on credit enhanced bonds. Not more than 20 percent of said tax increments may be expended, through a development fund or otherwise, on activities outside of the District except to pay, or secure payment of, debt service on credit enhanced bonds. For purposes of applying this restriction, all administrative expenses must be treated as if they were solely for activities outside of the District.

Pursuant to *M.S., Section 469.1763, Subd. 2*, the HRA and City may elect to increase by up to ten percentage points the permitted amount of expenditures for activities located outside the geographic area of the District for qualifying housing purposes. Therefore, the pooling limitations with respect to this District are increased to not more than 30 percent of tax increment from the District.

3. Five Year Limitation on Commitment of Tax Increments. Revenues derived from tax increments paid by properties in the District shall be deemed to have satisfied the percent test set forth in paragraph (2) above only if the five year rule set forth in *M.S., Section 469.1763, Subd. 3*, has been satisfied; and beginning with the sixth year following certification of the District, 70 percent of said tax increments that remain after expenditures permitted under said five year rule must be used only to pay previously committed expenditures or credit enhanced bonds as more fully set forth in *M.S., Section 469.1763, Subd. 5*.
4. Renewal and Renovation District. At least 90 percent of the revenues derived from tax increment from a renewal and renovation district must be used to finance the cost of correcting conditions that allow designation of redevelopment and renewal and renovation districts under *M.S., Section 469.176 Subd. 4j*. These costs include, but are not limited to, acquiring properties containing structurally substandard buildings or improvements or hazardous substances, pollution, or contaminants, acquiring adjacent parcels necessary to provide a site of sufficient size to permit development, demolition and rehabilitation of structures, clearing of the land, the removal of hazardous substances or remediation necessary for development of the land, and installation of utilities, roads, sidewalks, and parking facilities for the site. The allocated administrative expenses of the HRA or City, including the cost of preparation of the development action response plan, may be included in the qualifying costs.

Pursuant to *M.S., Section 469.1763, Subd. 2d*, expenditures that meet the requirement as affordable housing are legally permitted expenditures of the district notwithstanding *M.S., Section 469.176 Subd. 4j*.

## **Subsection 2-28. Summary**

The Edina Housing and Redevelopment Authority is establishing the District to preserve and enhance the tax base, redevelop substandard areas, and provide employment opportunities in the City. The TIF Plan for the District was prepared by Ehlers & Associates, Inc., 3060 Centre Pointe Drive, Roseville, Minnesota 55113, telephone (651) 697-8500.

## Appendix A

### Project Description

In 2018, the HRA received application from Orion Investments seeking to acquire and redevelop a vacant and underutilized area within the 44<sup>th</sup> and France Commercial Area consisting of approximately 1-acre of vacant commercial property (former Edina Cleaners site) and adjacent rental housing. The proposed \$29 million mixed-use redevelopment project will consist of 46-units of primarily market-rate rental housing, 7,000 square feet of first floor commercial space, and supporting parking infrastructure. It is anticipated that three of the housing units will be designated for occupancy and rent restricted to residents earning 50% of Area Median Income.

The redevelopment addresses several of the goals identified within the 2018 Small Area Plan for the City of Edina's 44<sup>th</sup> & France Neighborhood Node, including:

- Remove vacant buildings from a prominent corner;
- Construct a mixed-use building at a scale recommended by the Small Area Plan;
- Remediate soil contaminants from previous users;
- Improve storm water conditions on the site;
- Provide approximately 40 stalls of shared public parking located on the street level of the project;
- Bury overhead utilities throughout the majority of the Neighborhood Node;
- Improve the sidewalk and streetscape along portions of France Ave. and Sunnyside Rd.;
- Provide an outdoor public plaza for use by the community;
- Provide public art;
- Provide 3 units of affordably-priced housing for at least 15-years; and
- Provide \$160,000 in direct financial contribution to the Edina Affordable Housing Fund

The redevelopment is expected to start as early as the close of 2018 and occur over the next 18-months reaching occupancy in 2020. Tax increment from the District will be utilized in conjunction with potential funding from the Metropolitan Council, Minnesota Department of Employment and Economic Development (DEED), and Hennepin County to provide financing for the estimated \$29 million private redevelopment project. The HRA proposes to issue a pay-as-you-go TIF Note to the developer to reimburse qualifying costs necessary to facilitate the redevelopment.

# France Ave Apartments

4500 France Ave S, Edina MN 55410

France Ave  
Apartments  
4500 France Ave S, Edina MN 55410



500 Washington Avenue South, Suite 1080  
Minneapolis, MN 55415  
p 612.339.5508 | f 612.339.5382  
www.esgarch.com

I hereby certify that this plan, specification, or report was prepared by me or under my direct supervision and that I am a duly licensed architect under the laws of the State of Minnesota

Signature \_\_\_\_\_

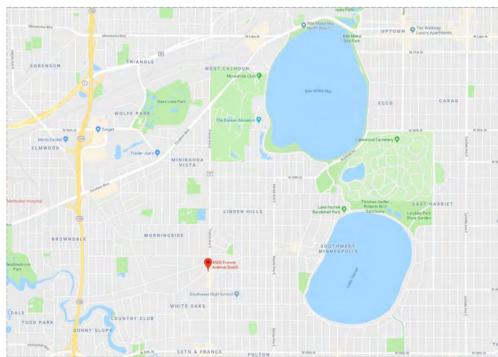
Typed or Printed Name \_\_\_\_\_

License # \_\_\_\_\_ Date \_\_\_\_\_

**NOT FOR CONSTRUCTION**



## PROJECT LOCATION



Vicinity



Site Location

## PROJECT TEAM

- OWNER/DEVELOPER:** Orion Investments  
4530 West 77th Street,  
Edina, MN 55436  
Ph: 612-812-7788
- ARCHITECT:** Elness Swenson Graham Architects, Inc.  
500 Washington Ave. South, Suite 1080  
Minneapolis, MN 55415  
Ph: 612-339-5508  
Fx: 612-339-5382
- CONTRACTOR:** T.B.D.
- CIVIL ENGINEER:** Sunde Engineering, PLLC.  
10830 Nesbit Avenue South  
Bloomington, MN 55437  
Ph: 952-881-3344  
Fx: 952-881-1913
- LANDSCAPE ARCHITECT:** Damon Faber  
401 2nd Ave. N, Suite 410  
Minneapolis, MN 55401  
Ph: 612-332-7522
- STRUCTURAL ENGINEER:** T.B.D.
- MECHANICAL ENGINEER:** T.B.D.
- PLUMBING ENGINEER:** T.B.D.
- ELECTRICAL ENGINEER:** T.B.D.

## SYMBOLS LEGEND

- SECTION AND ELEVATION REF
- INTERIOR ELEVATION REF
- DETAIL REF
- WALL TYPE
- WINDOW TYPE
- ELEVATION REF
- SPOT ELEVATION REF
- FLOOR FINISH TRANSITION REF
- EXTERIOR ELEVATION KEYNOTE REF
- ROOM NAME AND NUMBER
- DOOR NUMBER
- SECTION KEYNOTE REF
- REVISION NUMBER
- FIRE EXTINGUISHER CABINET
- FIRE EXTINGUISHER - WALL MOUNTED

## UNIT MIX & SQUARE FOOTAGES

4500 France Apartments  
Site Area = Approx 46.815 sf or 1.047 acres

BUILDING AREA SUMMARY										
	TOTAL GSF	PARKING	STALLS*	RETAIL	LOBBY	TRASH/ AMENITY	STORAGE	APT GSF	APT RSP	DU/ Efficiency
LEVEL P1	30,811	29,558	68		1,223					
LEVEL 1	30,499	17,494	40	6,547	2,566	1,440	2,452	2,069	2	84.38%
LEVEL 2	29,735				2,813		22,922	19,158	16	83.16%
LEVEL 3	25,735					808	25,127	21,365	19	83.03%
LEVEL 4	15,172						15,172	12,904	8	85.00%
ROOF	749									
	128,701	47,052	108	6,547	6,128	3,271	65,673	55,496	45	84.51%

\*Does not include up to three tandem parking spaces

BUILDING AREA SUMMARY						
	GSF/ Stall	432	RSF/UNIT	1233	GSF/UNIT	1459
	Parking per DU	2.42	Efficiency	84.50%		
Allocve	1 BR	1 BR DEN	2 BR	DUS	Beds	
LEVEL 1	1	1	1	2	3	
LEVEL 2	4	1	11	19	27	
LEVEL 3	7	1	11	19	30	
LEVEL 4						
	0	12	2	31	45	76
Ave RSP	0%	27%	4%	69%		
Size Range	0	787	1040	1418		
	0	725-919	1040	1168-2492		

## DRAWING INDEX

DRAWING NUMBER	DRAWING NAME	PREL REZONE & SITE PLAN SUB 7/27/18
GENERAL INFORMATION		
TL1	TITLE SHEET	*
CIVIL		
CL0	DEMOLITION PLAN	*
CL1	SITE LAYOUT PLAN	*
CL2	GRADING, DRAINAGE, UTILITY AND EROSION CONTROL PLAN	*
CL3	NOTES AND DETAILS	*
CL4	STORMWATER POLLUTION PREVENTION PLAN	*
LANDSCAPE		
L010	GENERAL NOTES & SCHEDULES	*
L110	MATERIALS & LAYOUT PLAN	*
L160	LANDSCAPE PLAN	*
L410	ENLARGED PLAN - PUBLIC PLAZA	*
L420	SITE SECTION & RENDERINGS	*
L500	LANDSCAPE DETAILS	*
ARCHITECTURAL		
A0.0	SITE IMAGES	*
A0.1	ARCHITECTURAL SITE PLAN	*
A0.2	PARKING & FIRST LEVEL PLAN	*
A0.3	LEVEL 2 & 3 FLOOR PLAN	*
A0.4	LEVEL 4 & ROOF PLAN	*
A0.5	EXTERIOR ELEVATIONS	*
A0.6	EXTERIOR ELEVATIONS	*
A0.7	EXTERIOR MATERIALS	*
A0.8	PERSPECTIVE VIEWS	*
A0.9	PERSPECTIVE VIEWS	*
A0.10	PERSPECTIVE VIEWS	*
SURVEY		
SURVEY 1	ALTA/NSPS LANDTITLE SURVEY	*
SURVEY 2	TOPOGRAPHIC SURVEY	*

PRELIMINARY  
REZONING & SITE  
PLAN SUBMITTAL  
7/27/2018

ORIGINAL ISSUE:

REVISIONS:  
No. Description Date

217525  
PROJECT NUMBER

ESG  
DRAWN BY

ESG  
CHECKED BY

KEY PLAN

France Ave Apartments

TITLE SHEET

**T1.1**



500 Washington Avenue South, Suite 1080  
Minneapolis, MN 55415  
p 612.339.5508 | f 612.339.5382  
www.esgarch.com

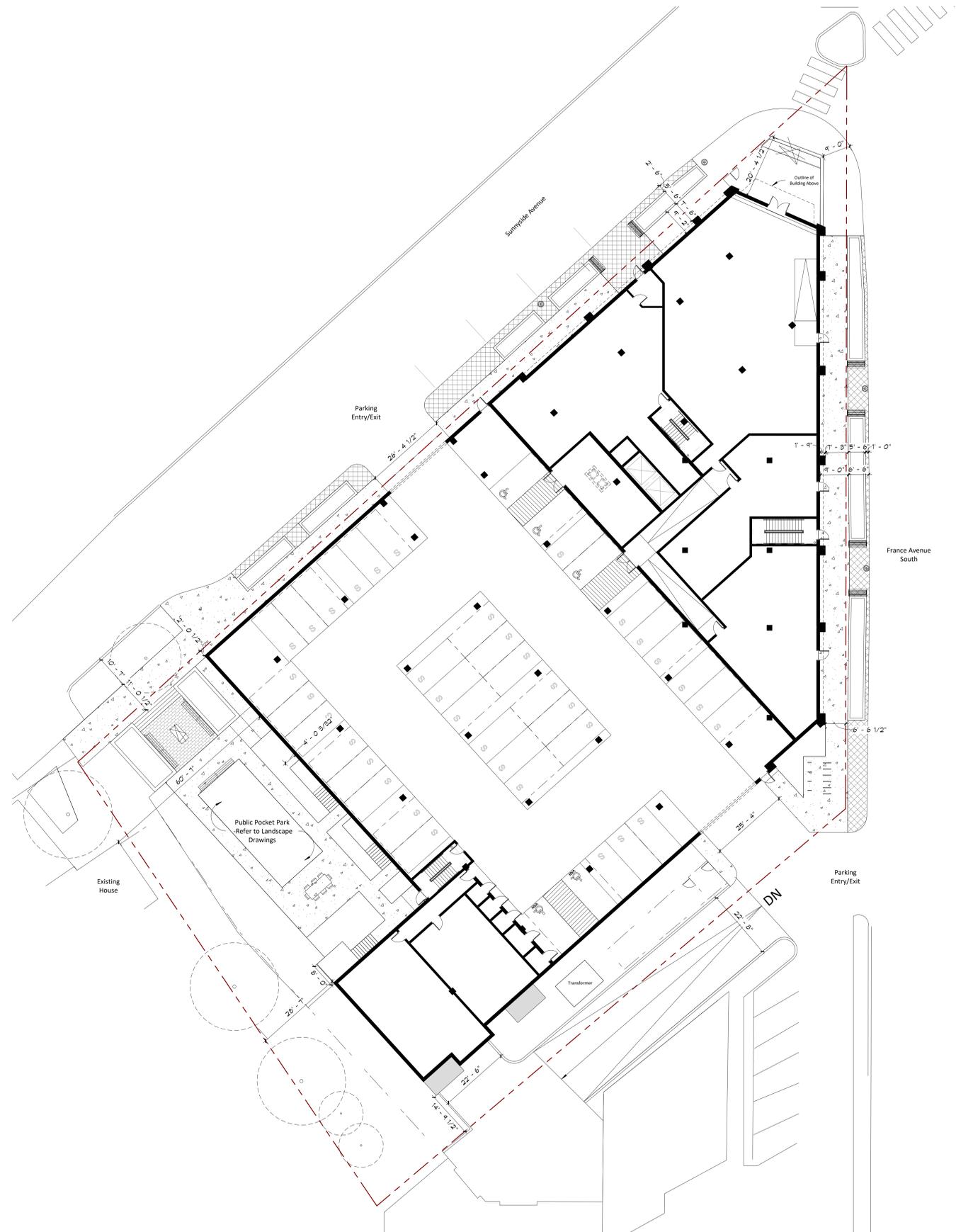
I hereby certify that this plan, specification, or report was prepared by me or under my direct supervision and that I am a duly licensed architect under the laws of the State of Minnesota

Signature \_\_\_\_\_

Typed or Printed Name \_\_\_\_\_

License # \_\_\_\_\_ Date \_\_\_\_\_

**NOT FOR CONSTRUCTION**



**1** FIRST LEVEL FLOOR PLAN  
A0.1 1/16" = 1'-0"

**PRELIMINARY  
REZONING & SITE  
PLAN SUBMITTAL  
7/27/2018**

ORIGINAL ISSUE:  
07/24/18

REVISIONS:  
No. Description Date

217525  
PROJECT NUMBER

Author \_\_\_\_\_ Checker \_\_\_\_\_  
DRAWN BY \_\_\_\_\_ CHECKED BY \_\_\_\_\_

KEY PLAN

France Ave Apartments

ARCHITECTURAL SITE PLAN

**A0.1**

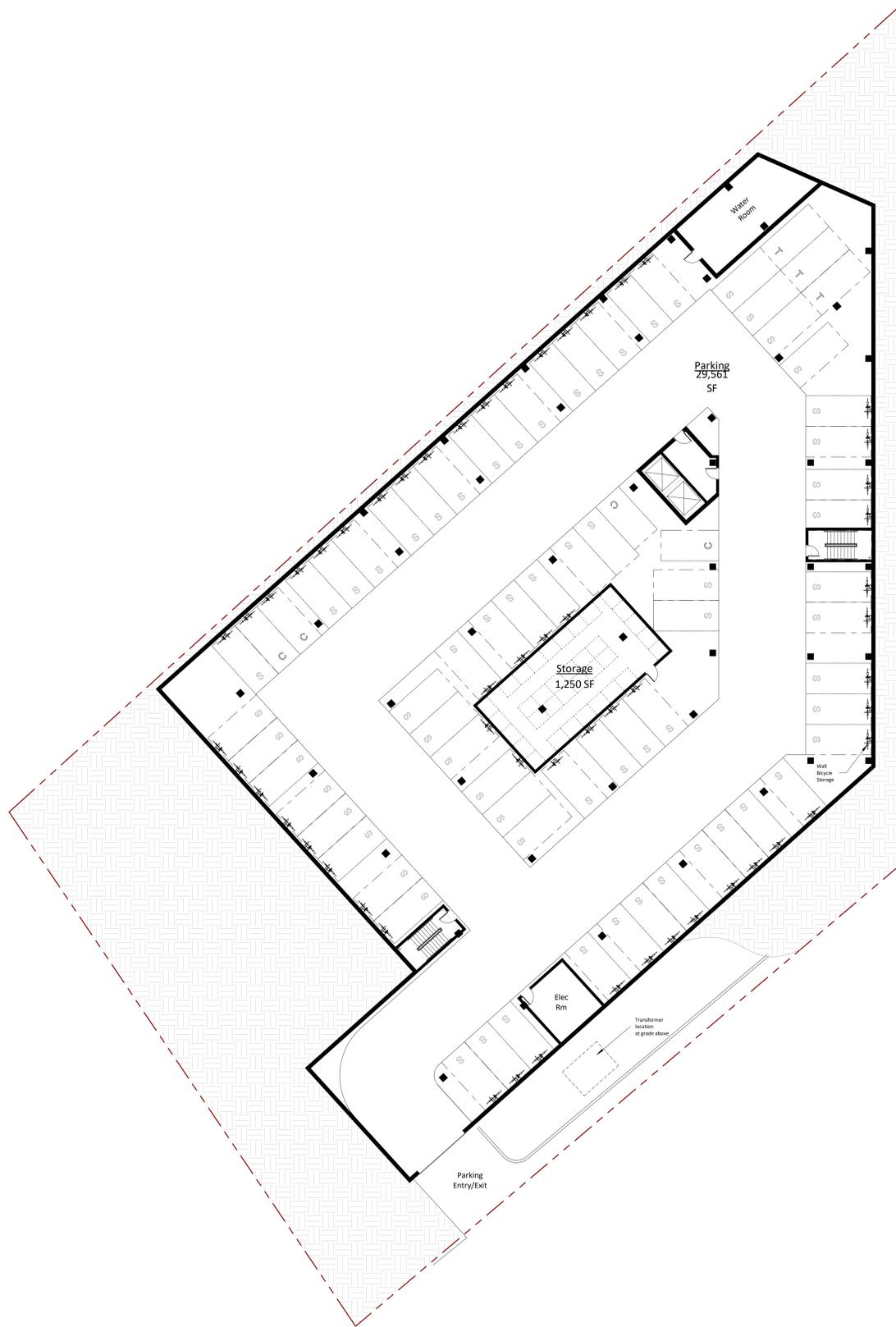
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Signature \_\_\_\_\_

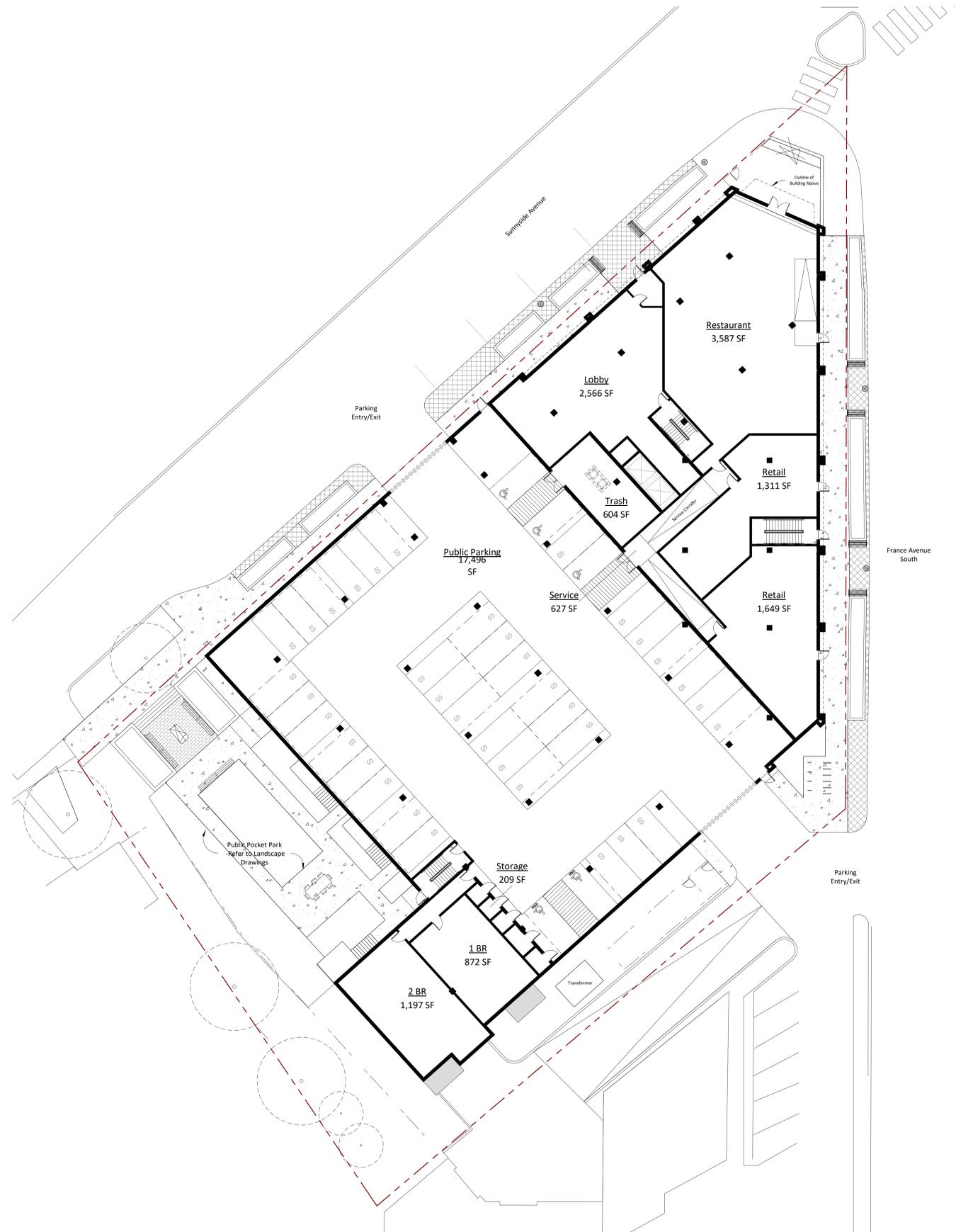
Typed or Printed Name \_\_\_\_\_

License # \_\_\_\_\_ Date \_\_\_\_\_

**NOT FOR  
CONSTRUCTION**



**2 PARKING LEVEL FLOOR PLAN**  
A0.2 1/16" = 1'-0"



**1 FIRST LEVEL FLOOR PLAN**  
A0.2 1/16" = 1'-0"

**PRELIMINARY  
REZONING & SITE  
PLAN SUBMITTAL  
7/27/2018**

ORIGINAL ISSUE:

REVISIONS:  
No. Description Date

217525  
PROJECT NUMBER

ESG DRAWN BY ESG CHECKED BY  
KEY PLAN

France Ave Apartments

PARKING & FIRST LEVEL  
PLAN

**A0.2**



500 Washington Avenue South, Suite 1080  
Minneapolis, MN 55415  
p 612.339.5508 | f 612.339.5382  
www.esgarch.com

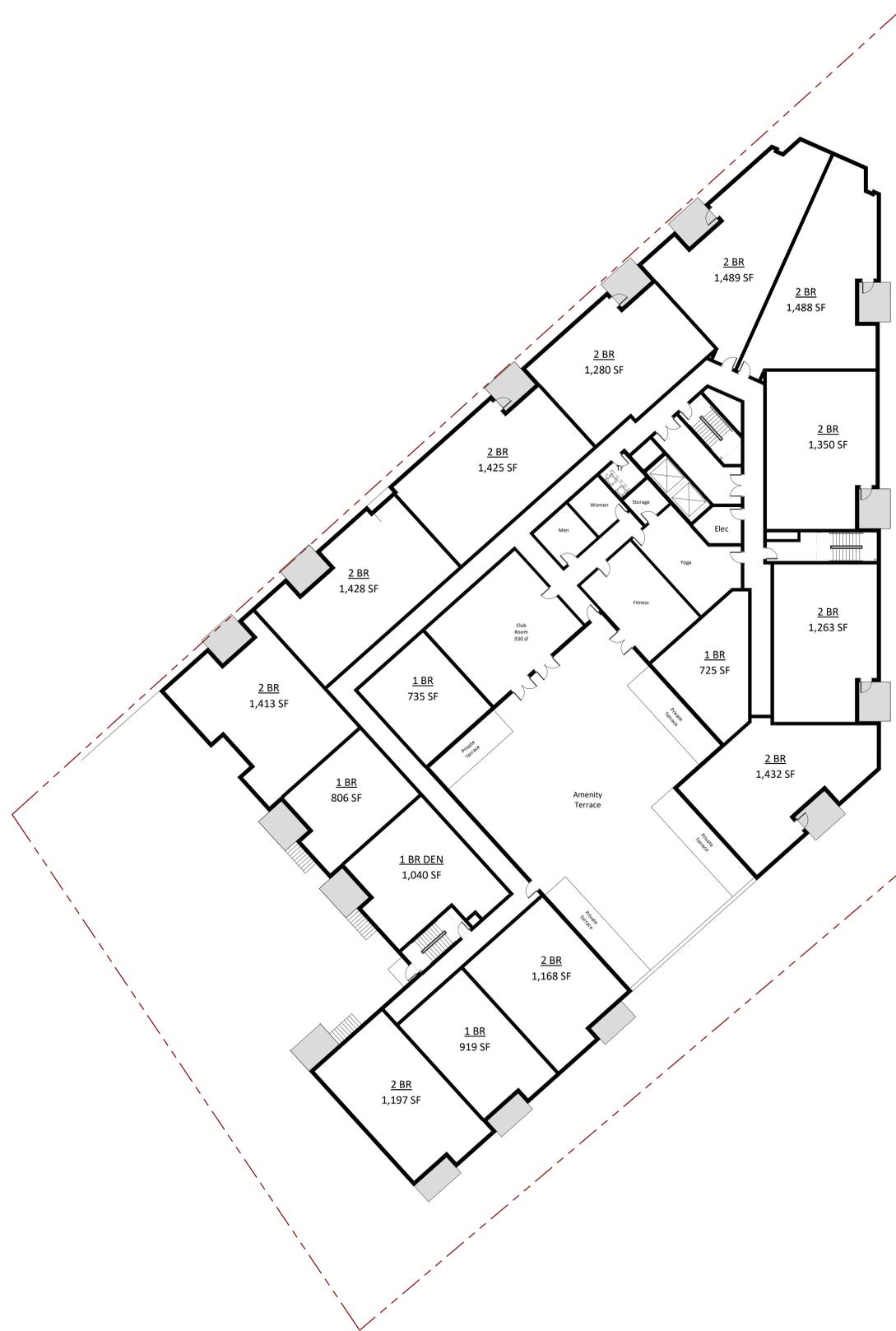
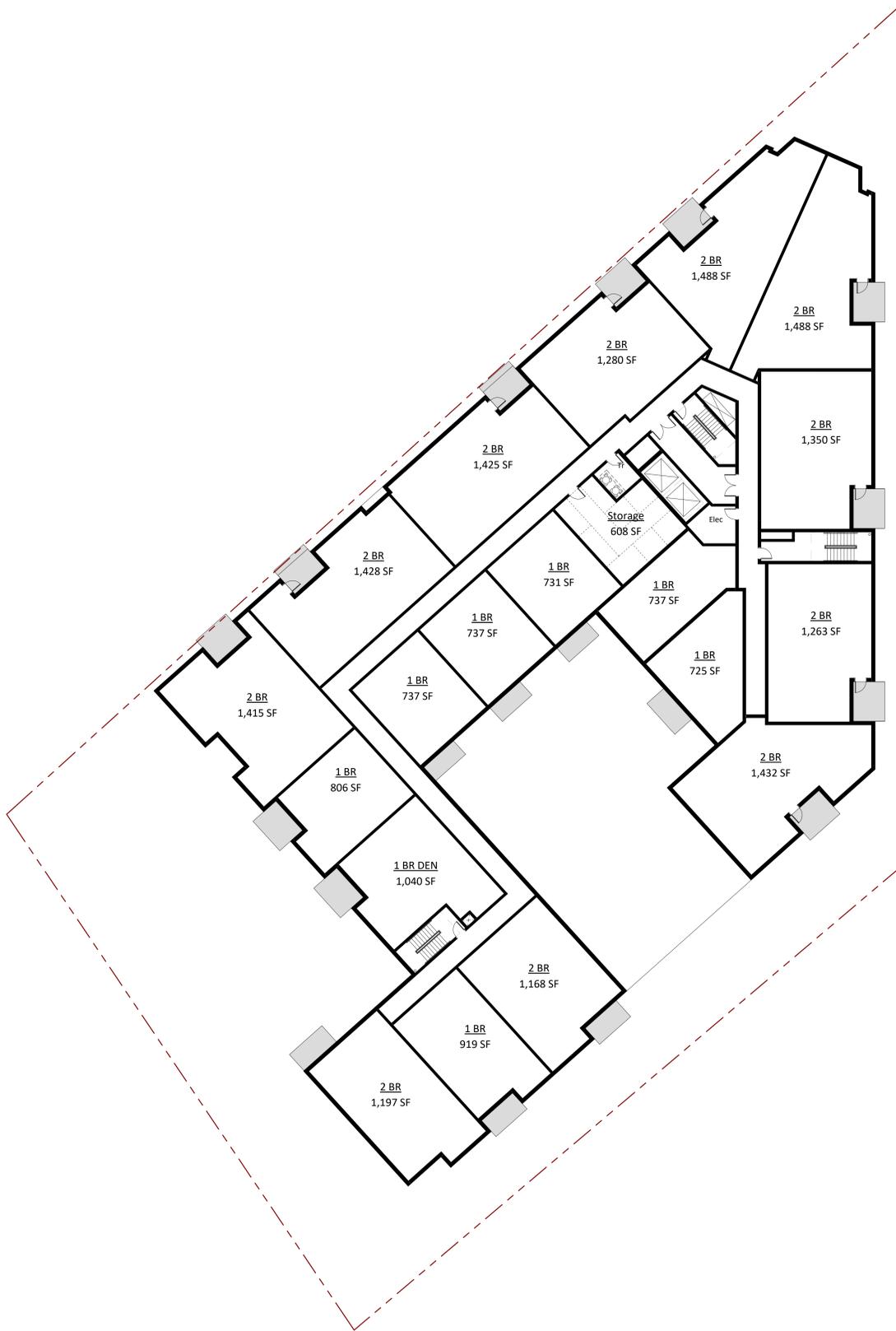
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Signature \_\_\_\_\_

Typed or Printed Name \_\_\_\_\_

License # Date \_\_\_\_\_

**NOT FOR CONSTRUCTION**



7/27/2018 10:49:47 AM  
**2** THIRD LEVEL FLOOR PLAN  
A0.3 1/16" = 1'-0"

**1** SECOND LEVEL FLOOR PLAN  
A0.3 1/16" = 1'-0"

**PRELIMINARY REZONING & SITE PLAN SUBMITTAL**  
7/27/2018

ORIGINAL ISSUE:  
07/24/18

REVISIONS:  
No. Description Date

217525  
PROJECT NUMBER

Author \_\_\_\_\_ Checker \_\_\_\_\_  
DRAWN BY \_\_\_\_\_ CHECKED BY \_\_\_\_\_

KEY PLAN

France Ave Apartments

LEVEL 2 & 3 FLOOR PLAN

**A0.3**



500 Washington Avenue South, Suite 1080  
Minneapolis, MN 55415  
p 612.339.5508 | f 612.339.5382  
www.esgarch.com

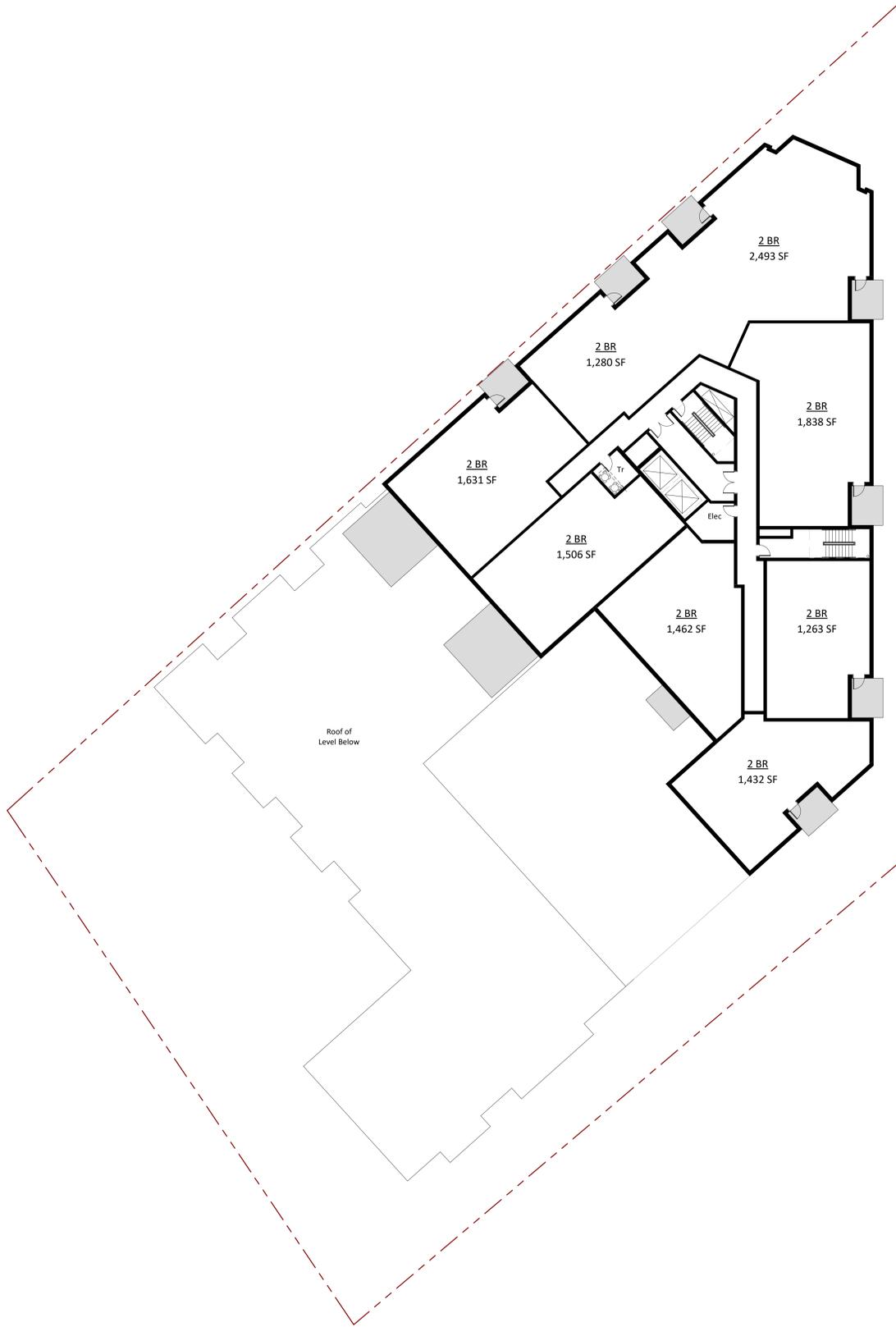
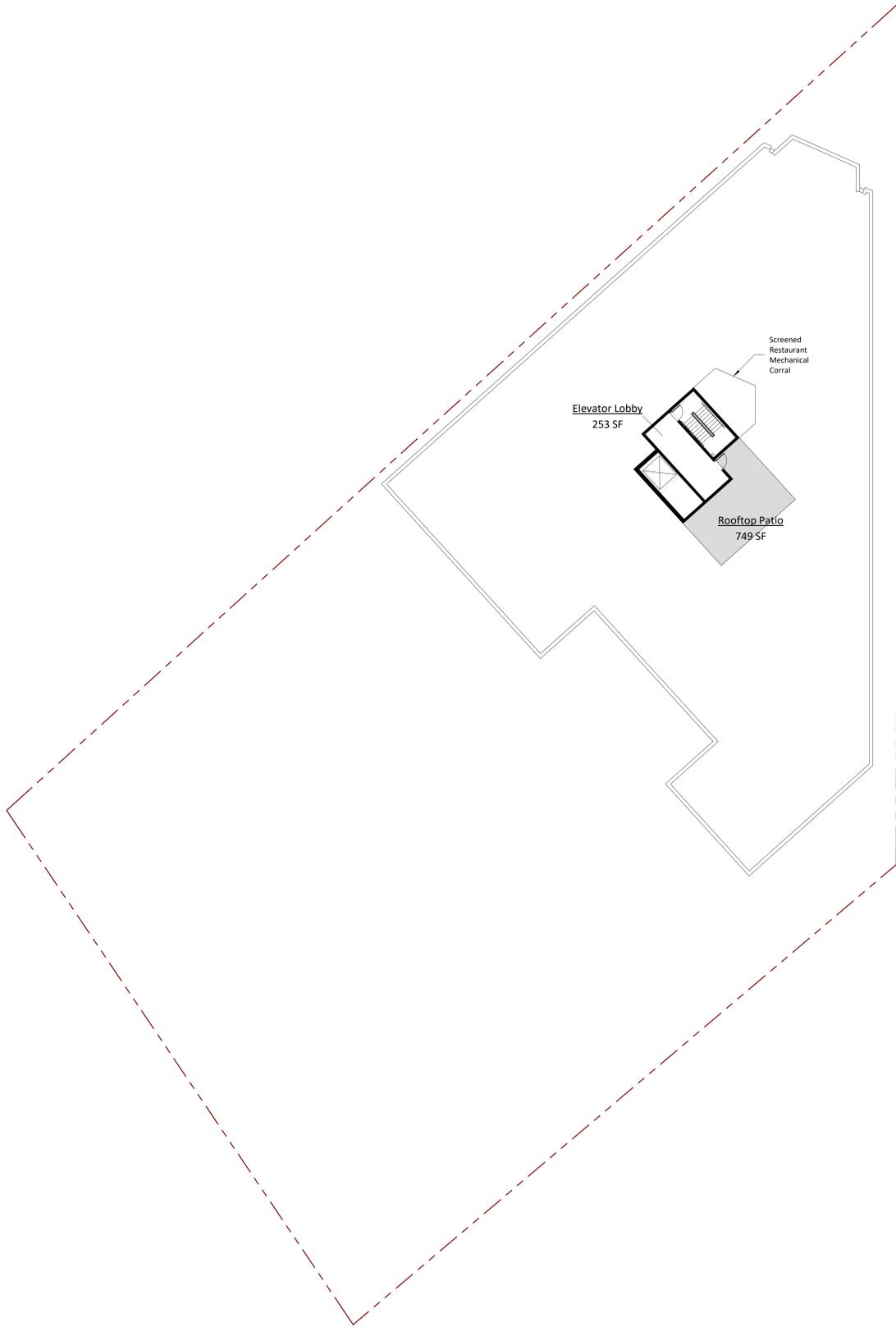
I hereby certify that this plan, specification, or report was prepared by me or under my direct supervision and that I am a duly licensed architect under the laws of the State of Minnesota

Signature \_\_\_\_\_

Typed or Printed Name \_\_\_\_\_

License # \_\_\_\_\_ Date \_\_\_\_\_

**NOT FOR CONSTRUCTION**



7/27/2018 10:49:48 AM  
**2 ROOF LEVEL City Submittal**  
A0.4 1/16" = 1'-0"

**1 MP-04 City Submittal**  
A0.4 1/16" = 1'-0"

**PRELIMINARY REZONING & SITE PLAN SUBMITTAL 7/27/2018**

ORIGINAL ISSUE:  
07/24/18

REVISIONS:  
No. Description Date

217525  
PROJECT NUMBER

Author \_\_\_\_\_ Checker \_\_\_\_\_  
DRAWN BY \_\_\_\_\_ CHECKED BY \_\_\_\_\_

KEY PLAN

France Ave Apartments

LEVEL 4 & ROOF PLAN  
**A0.4**

I hereby certify that this plan, specification, or report was prepared by me or under my direct supervision and that I am a duly licensed architect under the laws of the State of Minnesota

Signature

Typed or Printed Name

License # Date

**NOT FOR  
CONSTRUCTION**

EXTERIOR MATERIAL KEY

1A	BRICK MASONRY COLOR 1	3B	METAL COMPOSITE PANEL - BLACK	7	PREFABRICATED METAL BALCONY SYSTEM	10	CHANNEL EDGED ENTRY CANOPY
1B	BRICK MASONRY COLOR 2	3C	PREFINISHED METAL PANEL -BLACK	8A	METAL SLATTED PARKING SCREENING	11	ALUMINUM OVERHEAD GARAGE DOOR W/ GLASS LITES
1C	BURNISHED BLOCK MASONRY	4	FIBER CEMENT PANEL -CHARCOAL COLOR	8B	LOUVERED MECHANICAL SCREEN	12	PREFINISHED ALUMINUM GUARDRAIL SYSTEM
2	3 COAT GEMENTIIOUS STUCCO -NATURAL GREY COLOR	5	COMPOSITE WINDOW	9	METAL CAP FLASHING - BLACK		
3A	METAL PANEL- ZINC FINISH	6	STOREFRONT -ANODIZED ALUMINUM BLACK				



PRELIMINARY  
REZONING & SITE  
PLAN SUBMITTAL  
7/27/2018

ORIGINAL ISSUE:

REVISIONS:  
No. Description Date

217525

PROJECT NUMBER

ESG

DRAWN BY

ESG

CHECKED BY

KEY PLAN

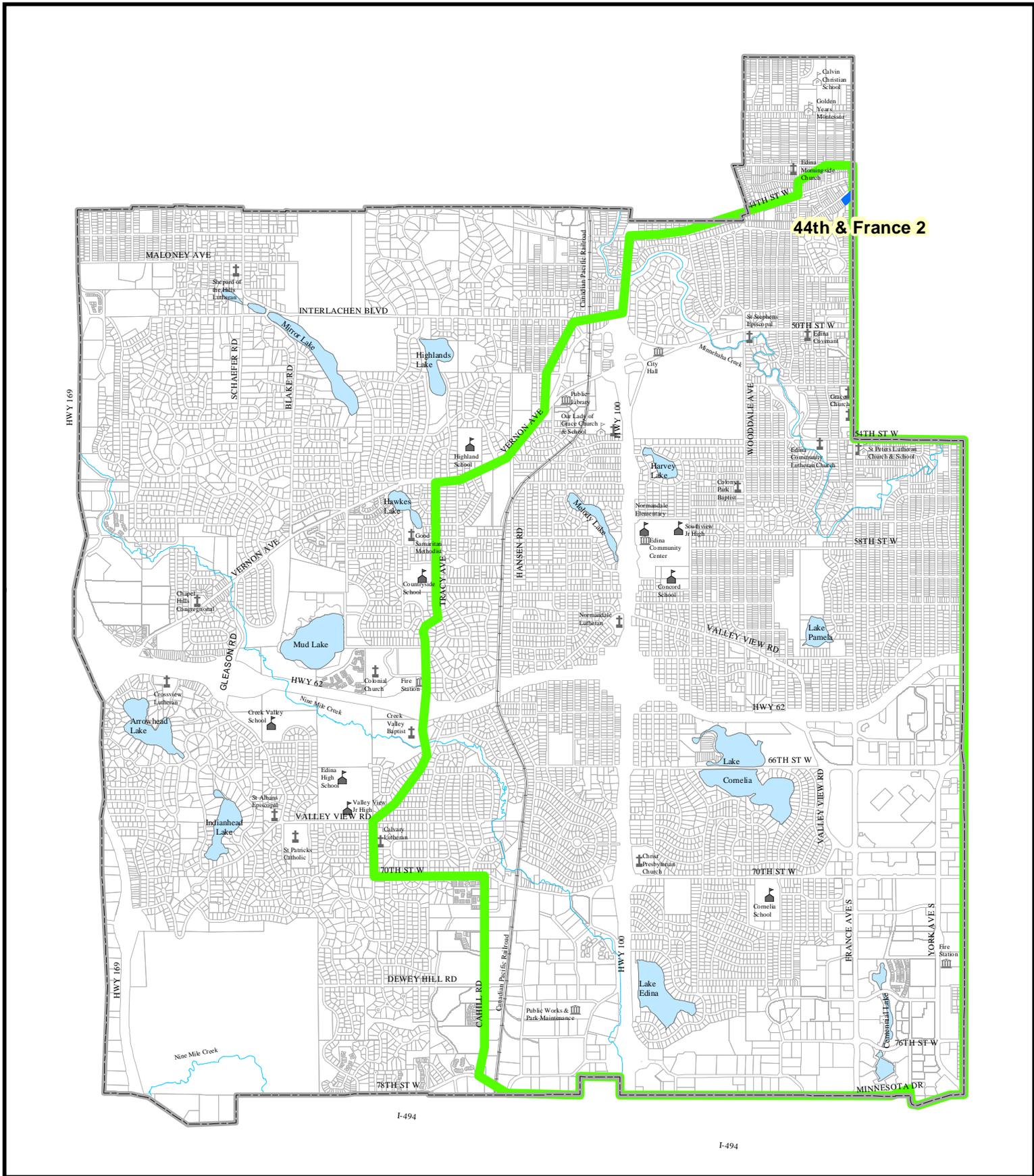
France Ave Apartments

EXTERIOR ELEVATIONS

**A0.5**

Appendix B

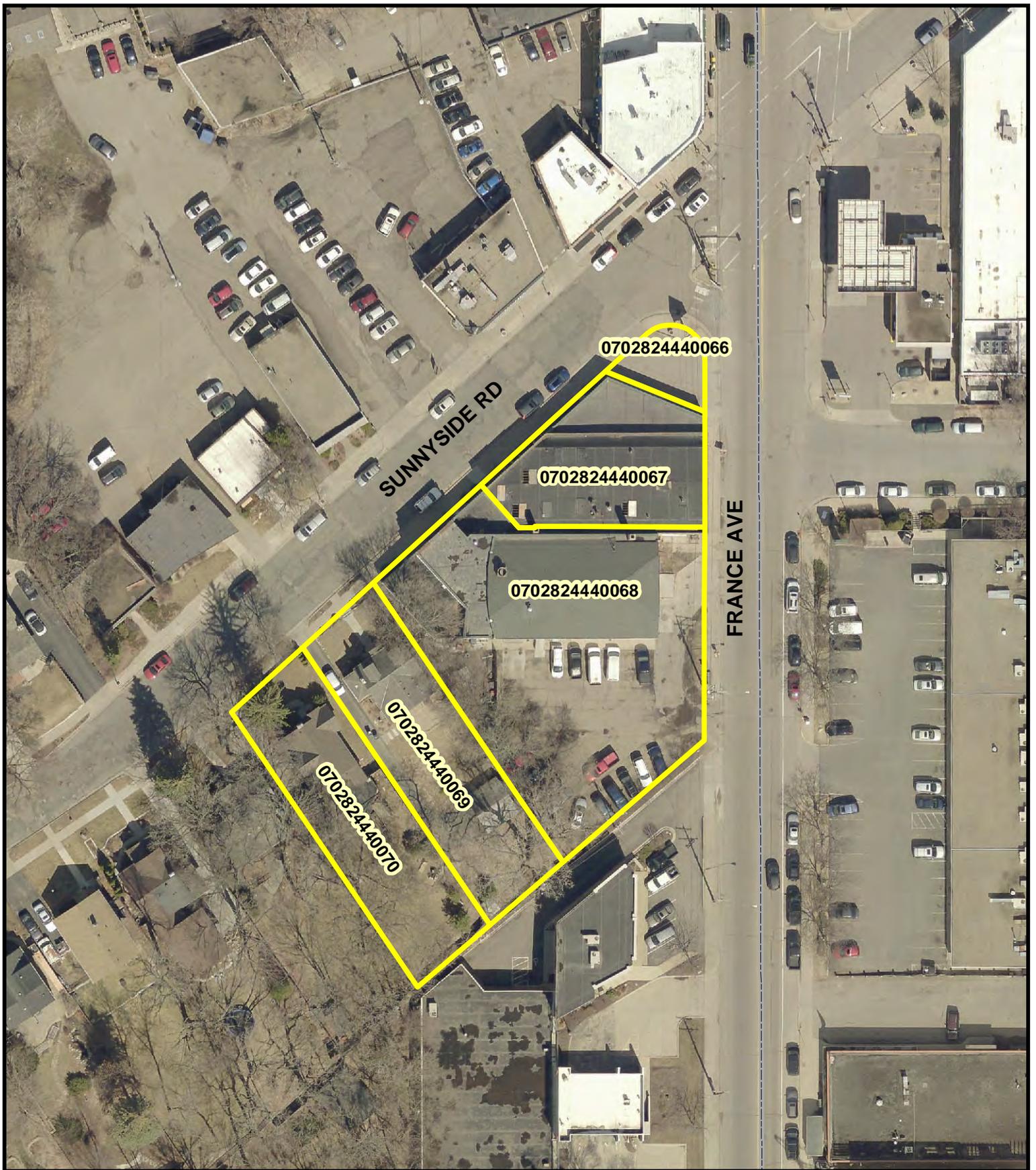
Map of the Southeast Edina Redevelopment Project Area and the 44<sup>th</sup> and France 2 TIF District



## 44th and France 2 TIF District

- 44th and France 2 TIF District
- Southeast Edina Redevelopment Project Area





## 44th and France 2 TIF District



44th and France 2 TIF District



Southeast Edina Redevelopment Project Area



Engineering Dept.  
September 2018

Appendix C

Description of Property to be Included in the District

The District encompasses all property and adjacent rights-of-way and abutting roadways identified by the parcel(s) listed below.

<u>Parcel Numbers</u>	<u>Address</u>	<u>Owner</u>
0702824440066	4500 France	Private Owner
0702824440067	4500 France	Private Owner
0702824440068	3903 Sunnyside Rd	Private Owner
0702824440069	3905 Sunnyside Rd	Private Owner
0702824440070	3907 Sunnyside Rd	Private Owner

Appendix D

Estimated Cash Flow for the District



### 44th and France 2 TIF Projection- 1% Inflation

City of Edina, MN

Mixed Use - 46-unit Apartment; 7,000 rsf Retail Redevelopment

#### ASSUMPTIONS AND RATES

<b>DistrictType:</b>	<b>Renewal and Renovation</b>
<b>District Name/Number:</b>	ISD 273 / WD 3
<b>County District #:</b>	
<b>First Year Construction or Inflation on Value</b>	<b>2019</b>
<b>Existing District - Specify No. Years Remaining</b>	
Inflation Rate - Every Year:	<b>1.00%</b>
Interest Rate:	<b>4.75%</b>
Present Value Date:	<b>1-Aug-20</b>
First Period Ending	1-Feb-21
Tax Year District was Certified:	<b>Pay 2019</b>
Cashflow Assumes First Tax Increment For Development:	2021
Years of Tax Increment	16
Assumes Last Year of Tax Increment	2036
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	<b>Inside(B)</b>
Incremental or Total Fiscal Disparities	<b>Incremental</b>
Fiscal Disparities Contribution Ratio	32.2123% Pay 2018
Fiscal Disparities Metro-Wide Tax Rate	145.0950% Pay 2018
Maximum/Frozen Local Tax Rate:	112.296% Pay 2018
Current Local Tax Rate: (Use lesser of Current or Max.)	112.296% Pay 2018
State-wide Tax Rate (Comm./Ind. only used for total taxes)	43.8650% Pay 2018
Market Value Tax Rate (Used for total taxes)	0.22182% Pay 2018

Tax Rates		
Exempt Class Rate (Exempt)		0.00%
Commercial Industrial Preferred Class Rate (C/I Pref.)		
First \$150,000		1.50%
Over \$150,000		2.00%
Commercial Industrial Class Rate (C/I)		2.00%
Rental Housing Class Rate (Rental)		1.25%
Affordable Rental Housing Class Rate (Aff. Rental)		
First \$121,000		0.75%
Over \$121,000		0.25%
Non-Homestead Residential (Non-H Res. 1 Unit)		
First \$500,000		1.00%
Over \$500,000		1.25%
Homestead Residential Class Rate (Hmstd. Res.)		
First \$500,000		1.00%
Over \$500,000		1.25%
Agricultural Non-Homestead		1.00%

#### BASE VALUE INFORMATION (Original Tax Capacity)

Map ID	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/Phase
	0702824440066	4500 France		64,100	0	64,100	100%	64,100	Pay 2019	C/I	1,282	Rental	801	
	0702824440067	4500 France		310,100	1,000	311,100	100%	311,100	Pay 2019	C/I	6,222	C/I Pref.	5,472	
	0702824440068	4500 France		945,000	1,000	946,000	100%	946,000	Pay 2019	C/I Pref.	18,170	Rental	11,825	
	0702824440069	Res		280,000	126,100	406,100	100%	406,100	Pay 2019	Non-H Res. 1 Unit	4,061	Rental	5,076	
	0702824440070	Res		294,000	156,000	450,000	100%	450,000	Pay 2019	Non-H Res. 1 Unit	4,500	Rental	5,625	
				<b>1,893,200</b>	<b>284,100</b>	<b>2,177,300</b>		<b>2,177,300</b>			<b>34,235</b>		<b>28,800</b>	

**Note:**

1. Base values are for pay 2019 based upon review of County website on 9.10.2018.



### 44th and France 2 TIF Projection- 1% Inflation

City of Edina, MN

Mixed Use - 46-unit Apartment; 7,000 rsf Retail Redevelopment

PROJECT INFORMATION (Project Tax Capacity)													
Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2019	Percentage Completed 2020	Percentage Completed 2021	Percentage Completed 2022	First Year Full Taxes Payable
	Apartments	339,804	339,804	46	15,631,000	Rental	195,388	4,248	29%	100%	100%	100%	2022
	Retail	471	471	6,972	3,287,000	C/I Pref.	64,990	9	0%	100%	100%	100%	2022
<b>TOTAL</b>					<b>18,918,000</b>		<b>260,378</b>						

**Note:**

1. Market values are based upon the Assessor's preliminary estimate provided 7.27.2018. TIF Projections are based on existing Pay 2018 local tax rates.

TAX CALCULATIONS									
New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Apartments	195,388	0	195,388	219,412	0	0	34,673	254,085	5,523.59
Retail	64,990	20,935	44,055	49,472	30,375	27,850	7,291	114,989	16.49
<b>TOTAL</b>	<b>260,378</b>	<b>20,935</b>	<b>239,443</b>	<b>268,885</b>	<b>30,375</b>	<b>27,850</b>	<b>41,964</b>	<b>369,074</b>	

**Note:**

1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	369,074
less State-wide Taxes	(27,850)
less Fiscal Disp. Adj.	(30,375)
less Market Value Taxes	(41,964)
less Base Value Taxes	(30,361)
<b>Annual Gross TIF</b>	<b>238,523</b>

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	2,177,300
New Market Value - Est.	18,918,000
Difference	16,740,700
Present Value of Tax Increment	2,565,757
Difference	14,174,943
Value likely to occur without Tax Increment is less than:	<b>14,174,943</b>



**44th and France 2 TIF Projection- 1% Inflation  
City of Edina, MN  
Mixed Use - 46-unit Apartment; 7,000 rsf Retail Redevelopment**

<b>TAX INCREMENT CASH FLOW</b>														
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
100%	56,875	(28,800)	-	28,076	112.296%	31,528	15,764	(57)	(1,571)	14,136	13,488	0.5	2021	02/01/21
100%	260,378	(28,800)	(19,172)	212,406	112.296%	238,523	119,262	(429)	(11,883)	106,949	124,028	1.5	2022	08/01/22
100%	262,981	(28,800)	(19,381)	214,800	112.296%	241,212	119,262	(429)	(11,883)	106,949	219,134	2	2022	02/01/23
100%	265,611	(28,800)	(19,593)	217,219	112.296%	243,928	120,606	(434)	(12,017)	108,155	313,081	2.5	2023	08/01/23
100%	268,267	(28,800)	(19,806)	219,661	112.296%	246,671	120,606	(434)	(12,017)	108,155	404,848	3	2023	02/01/24
100%	270,950	(28,800)	(20,022)	222,128	112.296%	249,441	121,964	(439)	(12,152)	109,372	495,496	3.5	2024	08/01/24
100%	273,659	(28,800)	(20,240)	224,620	112.296%	252,239	121,964	(439)	(12,152)	109,372	584,040	4	2024	02/01/25
100%	276,396	(28,800)	(20,460)	227,136	112.296%	255,065	123,335	(444)	(12,289)	110,602	671,503	4.5	2025	08/01/25
100%	279,160	(28,800)	(20,682)	229,678	112.296%	257,919	123,335	(444)	(12,289)	110,602	756,937	5	2025	02/01/26
100%	281,952	(28,800)	(20,907)	232,245	112.296%	260,802	124,721	(449)	(12,427)	111,844	841,327	5.5	2026	08/01/26
100%	284,771	(28,800)	(21,133)	234,838	112.296%	263,714	124,721	(449)	(12,427)	111,844	923,758	6	2026	02/01/27
100%	287,619	(28,800)	(21,362)	237,457	112.296%	266,655	126,120	(454)	(12,567)	113,099	1,005,181	6.5	2027	08/01/27
100%	290,495	(28,800)	(21,594)	240,102	112.296%	269,625	126,120	(454)	(12,567)	113,099	1,084,714	7	2027	02/01/28
100%	293,400	(28,800)	(21,827)	242,773	112.296%	272,625	127,533	(459)	(12,707)	114,366	1,163,273	7.5	2028	08/01/28
100%	296,334	(28,800)	(22,063)	245,471	112.296%	275,654	127,533	(459)	(12,707)	114,366	1,240,009	8	2028	02/01/29
100%	299,297	(28,800)	(22,301)	248,196	112.296%	278,715	128,960	(464)	(12,850)	115,646	1,315,804	8.5	2029	08/01/29
							128,960	(464)	(12,850)	115,646	1,389,840	9	2029	02/01/30
							130,401	(469)	(12,993)	116,938	1,462,968	9.5	2030	08/01/30
							130,401	(469)	(12,993)	116,938	1,534,398	10	2030	02/01/31
							131,857	(475)	(13,138)	118,244	1,604,951	10.5	2031	08/01/31
							131,857	(475)	(13,138)	118,244	1,673,867	11	2031	02/01/32
							133,327	(480)	(13,285)	119,563	1,741,935	11.5	2032	08/01/32
							133,327	(480)	(13,285)	119,563	1,808,423	12	2032	02/01/33
							134,812	(485)	(13,433)	120,894	1,874,093	12.5	2033	08/01/33
							134,812	(485)	(13,433)	120,894	1,938,239	13	2033	02/01/34
							136,312	(491)	(13,582)	122,239	2,001,594	13.5	2034	08/01/34
							136,312	(491)	(13,582)	122,239	2,063,479	14	2034	02/01/35
							137,827	(496)	(13,733)	123,598	2,124,601	14.5	2035	08/01/35
							137,827	(496)	(13,733)	123,598	2,184,304	15	2035	02/01/36
							139,357	(502)	(13,886)	124,970	2,243,270	15.5	2036	08/01/36
							139,357	(502)	(13,886)	124,970	2,300,868	16	2036	02/01/37
<b>Total</b>							<b>3,904,316</b>	<b>(14,056)</b>	<b>(389,026)</b>	<b>3,501,234</b>				
	<b>Present Value From 08/01/2020</b>	<b>Present Value Rate</b>	<b>4.75%</b>				<b>2,565,757</b>	<b>(9,237)</b>	<b>(255,652)</b>	<b>2,300,868</b>				

## Appendix E

### Minnesota Business Assistance Form (Minnesota Department of Employment and Economic Development)

A Minnesota Business Assistance Form (MBAF) should be used to report and/or update each calendar year's activity by April 1 of the following year.

Please see the Minnesota Department of Employment and Economic Development (DEED) website at <http://www.deed.state.mn.us/Community/subsidies/MBAFForm.htm> for information and forms.

## Appendix F

### Renewal and Renovation Qualifications for the District

**Final Report of  
Inspection Procedures and Results  
For  
Determining Qualifications of a  
Tax Increment Financing (TIF) District  
as a Renewal and Renovation District**



The CITY of  
**EDINA**

**Edina HRA  
Proposed TIF District  
Edina, Minnesota**

Stantec Project No. 193804402

October 9, 2018

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## PART 1 – EXECUTIVE SUMMARY

### PURPOSE OF EVALUATION

Stantec was retained by the City of Edina HRA to inspect and evaluate the properties within a Tax Increment Financing Renewal and Renovation District (“TIF District”) proposed to be established by the City. The proposed TIF District is located in the City of Edina, in a general area between Sunnyside Road on the west, and France Avenue South on the east (Figure 1). The purpose of Stantec’s work was to determine whether the proposed district meets the statutory requirements for coverage, and whether buildings on four of the five parcels, located within the proposed TIF District, meet the qualifications required for a Renewal and Renovation District.



Figure 1 – Proposed TIF District

### SCOPE OF WORK

The proposed district consists of five (5) parcels containing two (2) commercial buildings, two (2) residential buildings, and one (1) on-grade paved parking lot.

All the buildings in the proposed district received an onsite interior and exterior inspection. Building Code and Condition Deficiency Reports for each building inspected by Stantec are in Appendix B.

## CONCLUSION

After inspecting and evaluating the properties within the proposed TIF District and applying current statutory criteria for a Renewal and Renovation District under *Minnesota Statutes, Section 469.174, Subdivision 10*, it is our professional opinion that the proposed TIF District does qualify as a Renewal and Renovation District.

The remainder of this report describes our process and findings in detail.

## PART 2 – MINNESOTA STATUTE 469.174, SUBDIVISION 10 REQUIREMENTS

The properties were inspected in accordance with the following requirements under *Minnesota Statutes, Section 469.174, Subdivision 10a*, which states:

### Interior Inspection

"The municipality may not make such determination [that the building is structurally substandard] without an interior inspection of the property..."

### Exterior Inspection and Other Means

"An interior inspection of the property is not required, if the municipality finds that (1) the municipality or authority is unable to gain access to the property after using its best efforts to obtain permission from the party that owns or controls the property; and (2) the evidence otherwise supports a reasonable conclusion that the building is structurally substandard."

### Documentation

"Written documentation of the findings and reasons why an interior inspection was not conducted must be made and retained under section 469.175, subdivision 3(1)."

### Qualification Requirements

*Minnesota Statutes, Section 469.174, Subdivision 10(a)* requires two tests for occupied parcels:

#### 1. Coverage Test

"...parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures."

The coverage required by the parcel to be considered occupied is defined under *Minnesota Statutes, Section 469.174, Subdivision 10(e)*, which states: "For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures unless 15 percent of the area of the parcel contains buildings, streets, utilities, paved or gravel parking lots, or other similar structures."

## 2. Condition of Building Test

... "20 percent of the buildings are structurally substandard; and 30 percent of the other buildings require substantial renovation or clearance to remove existing conditions such as: inadequate street layout, incompatible uses or land use relationships, overcrowding of buildings on the land, excessive dwelling unit density, obsolete buildings not suitable for improvement or conversion, or other identified hazards to the health, safety, and general well-being of the community; and (2) the conditions described in clause (1) are reasonably distributed throughout the geographic area of the district."

1. Structurally substandard is defined under *Minnesota Statutes, Section 469.174, Subdivision 10(b)*, which states: "For purposes of this subdivision, "structurally substandard" shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance."

### Definition of Substantial Renovation

Substantial renovation, for purposes of Minnesota Statutes, Section 469.174, Subdivision 10(c), is defined as renovation with costs exceeding 15 percent of the building's replacement value.

Buildings are not eligible to be considered structurally substandard unless they meet certain additional criteria, as set forth in *Subdivision 10(c)* which states:

"A building is not structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence on the basis of reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs, or other similar reliable evidence. The municipality may not make such a determination without an interior inspection of the property, but need not have an independent, expert appraisal prepared of the cost of repair and rehabilitation of the building. An interior inspection of the property is not required, if the municipality finds that (1) the municipality or authority is unable to gain access to the property after using its best efforts to obtain permission from the party that owns or controls the property; and (2) the evidence otherwise supports a reasonable conclusion that the building is structurally substandard. Items of evidence that support such a conclusion include recent fire or police inspections, on-site property tax appraisals or housing inspections, exterior evidence of deterioration, or other similar reliable evidence. Written documentation of the findings and reasons why an interior inspection was not conducted must be made and retained under *section*

469.175, subdivision 3, clause (1). Failure of a building to be disqualified under the provisions of this paragraph is a necessary, but not a sufficient, condition to determining that the building is substandard."

"Items of evidence that support such a conclusion include recent fire or police inspections, on-site property tax appraisals or housing inspections, exterior evidence of deterioration, or other similar reliable evidence."

### **PART 3 – PROCEDURES FOLLOWED**

Stantec performed interior and exterior inspections for both commercial buildings and both residential buildings within the proposed TIF District on September 26, 2018 and October 3, 2018. Visual observations were made of all levels of all properties and structures, with physical measurements taken where necessary. Area calculations and construction data are based upon information from various sources, as noted.

## PART 4 – FINDINGS

### A. Coverage Test

1. The total square foot area of each parcel in the proposed TIF District was obtained from Hennepin County Property Map GIS mapping, and site verification.
2. The total square foot area of buildings and site improvements on the parcels in the proposed TIF District was obtained from City records, Hennepin County Property Map GIS mapping, and site verification.
3. The percentage of coverage for each parcel in the proposed TIF District was computed to determine if the 15 percent minimum requirement was met. The total square footage of parcels meeting the 15 percent requirement was divided into the total square footage of the entire district to determine if the 70 percent requirement was met.

#### Findings:

The proposed TIF District met the coverage test under *Minnesota Statutes, Section 469.174, Subdivision 10(e)*, which resulted in parcels consisting of 100 percent of the area of the proposed TIF District being occupied by buildings, streets, utilities or paved drives or parking lots (Figure 2). This exceeds the 70 percent area coverage requirement for the proposed TIF District under *Minnesota Statutes, Section 469.174, Subdivision 10(a) (1)*.



Figure 2 – Coverage Test Aerial View

## B. Condition of Building Test

### 1. Replacement Cost

The first step in evaluating a building to determine if it is substandard to a degree requiring substantial renovation or clearance is to determine its replacement cost.

This is the cost of constructing a new structure of the same square footage and type on site. Replacement costs were researched using *R.S. Means Cost Works square foot models for 2018*.

A replacement cost was calculated by first establishing building use (office, retail, residential, etc.), building construction type (wood, concrete, masonry, etc.), and building size to obtain the appropriate median replacement cost, which factors in the costs of construction in Edina, Minnesota.

Replacement cost includes labor, materials, and the contractor's overhead and profit. Replacement costs do not include architectural fees, legal fees or other "soft" costs not directly related to construction activities. Replacement cost for each building is tabulated in Appendix C.

### 2. Code Deficiencies

The next step in evaluating a building is to determine what code deficiencies exist with respect to such building. Code deficiencies are those conditions for a building which are not in compliance with current building codes applicable to new buildings in the State of Minnesota.

*Minnesota Statutes, Section 469.174, Subdivision 10(c)*, specifically provides that a building cannot be considered structurally substandard if its code deficiencies are not at least 15 percent of the replacement cost of the building. Thus, it was necessary to determine the extent of code deficiencies for each building in the proposed TIF District.

The evaluation was made by reviewing all available information with respect to such buildings contained in City Building Inspection records and making interior and exterior inspections of the buildings. Stantec utilized the 2015 Minnesota State Building Code as the official code for our evaluations. The Minnesota State Building Code is a series of provisional codes written specifically for Minnesota only requirements, adoption of several international codes, and amendments to the adopted international codes.

After identifying the code deficiencies in each building, we used *R.S. Means Cost Works 2018: Unit and Assembly Costs* to determine the cost of correcting the identified deficiencies. We were then able to compare the correction costs with the replacement cost of each building to determine if the costs for correcting code deficiencies meet the required 15 percent threshold.

**Finding:**

Two (2) of the four (4) buildings/structures (50 percent) in the proposed TIF District contained code deficiencies exceeding the 15 percent threshold required by *Minnesota Statutes, Section 469.174, Subdivision 10(c)*. A complete Building Code and Condition Deficiency report for each building/structure in the proposed TIF District can be found in Appendix B of this report.

3. System Condition Deficiencies

System condition deficiencies are a measurement of defects or substantial deterioration in site elements, structure, exterior envelope, mechanical and electrical components, fire protection and emergency systems, interior partitions, ceilings, floors, and doors.

The evaluation was made by reviewing all available information contained in City records; and making interior and exterior inspections of the buildings.

Stantec only identified system condition deficiencies that were visible upon our inspection of the building or contained in City records. We did not consider the amount of "service life" used up for a particular component unless it was an obvious part of that component's deficiencies.

*Minnesota Statutes, Section 469.174, Subdivision 10(c)*, provides for the minimum threshold of code deficiencies that must be met in order to consider a building substandard. If a building meets the minimum code deficiency threshold under *Minnesota Statutes, Section 469.174, Subdivision 10(c)*, then in order for such building to be "structurally substandard" under *Minnesota Statutes, Section 469.174, Subdivision 10(b)*, the building's defects or deficiencies should be of sufficient total significance to justify substantial renovation or clearance." Based on this definition, Stantec re-evaluated each of the buildings that met the code deficiency threshold under *Minnesota Statutes, Section 469.174, Subdivision 10(c)*, to determine if the total deficiencies warranted "substantial renovation or clearance" based on the criteria we outlined above.

**Finding:**

In our professional opinion, two (2) of the four (4) buildings/structures (50 percent) in the proposed TIF District are structurally substandard to a degree requiring substantial renovation or clearance, because of defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance as described below:

**Edina Cleaners – 4500 France Avenue South – Parcel 0702824440066**

This parcel is a paved parking lot.

**Edina Cleaners – 4500 France Avenue South – Parcel 0702824440067**

This building was found to be structurally substandard with code deficiencies that exceed the 15 percent of the building replacement value criteria as defined by *Minnesota Statutes, Section 469.174, Subdivision 10 (b) and (c)*.

**Edina Cleaners – 4500 France Avenue South – Parcel 0702824440068**

This building was found to be structurally substandard with code deficiencies that exceed the 15 percent of the building replacement value criteria as defined by *Minnesota Statutes, Section 469.174, Subdivision 10 (b) and (c)*.

**Private Residence – 3905 Sunnyside Road – Parcel 0702824440069**

This residence has code and condition deficiencies, but they are not significant enough to reach the required 15 percent of building replacement value criteria as defined by *Minnesota Statutes, Section 469.174, Subdivision 10 (b) and (c)*.

**Private Residence – 3907 Sunnyside Road – Parcel 0702824440070**

This residence has code and condition deficiencies, but they are not significant enough to reach the required 15 percent of building replacement value criteria as defined by *Minnesota Statutes, Section 469.174, Subdivision 10 (b) and (c)*.

### C. Distribution of Substandard Structures

Much of this report has focused on the condition of individual buildings as they relate to requirements identified by Minnesota Statutes, Section 469.174, Subdivision 10. It is also important to look at the distribution of substandard buildings throughout the geographic area of the proposed TIF District.

#### Finding:

The substandard buildings are reasonably distributed throughout the geographic area of the proposed TIF District (Figure 3).

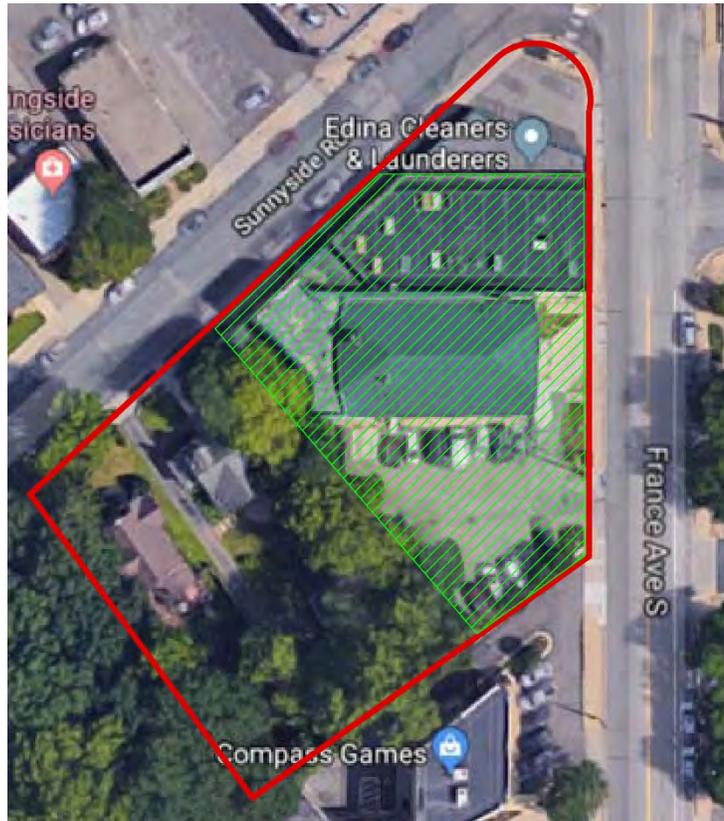


Figure 3 – Distribution of Substandard Structures (shown hatched green)

### D. CONCLUSION

After inspecting and evaluating the properties within the proposed TIF District and applying current statutory criteria for a Renewal and Renovation District under *Minnesota Statutes, Section 469.174, Subdivision 10a*, it is our professional opinion that the proposed TIF District does qualify as a Renewal and Renovation District.

The remainder of this report describes our process and findings in detail.

## **PART 5 – TEAM CREDENTIALS**

### **Bruce P. Paulson, AIA – Senior Project Manager/Inspector**

Bruce has more than 42 years of architectural experience as project architect, project manager, and project designer for municipal, governmental, educational, commercial, hospitality, and healthcare clients. He is involved with all phases of the architectural process, from pre-design through construction administration, including specialty consulting in investigations for buildings, building condition surveys, TIF inspections, code reviews, estimating, and specification writing.

# APPENDIX A



Sunnyside Rd

France Ave S

45th

ingside  
sicians



Edina Cleaners  
& Launderers



Sunnyside Rd

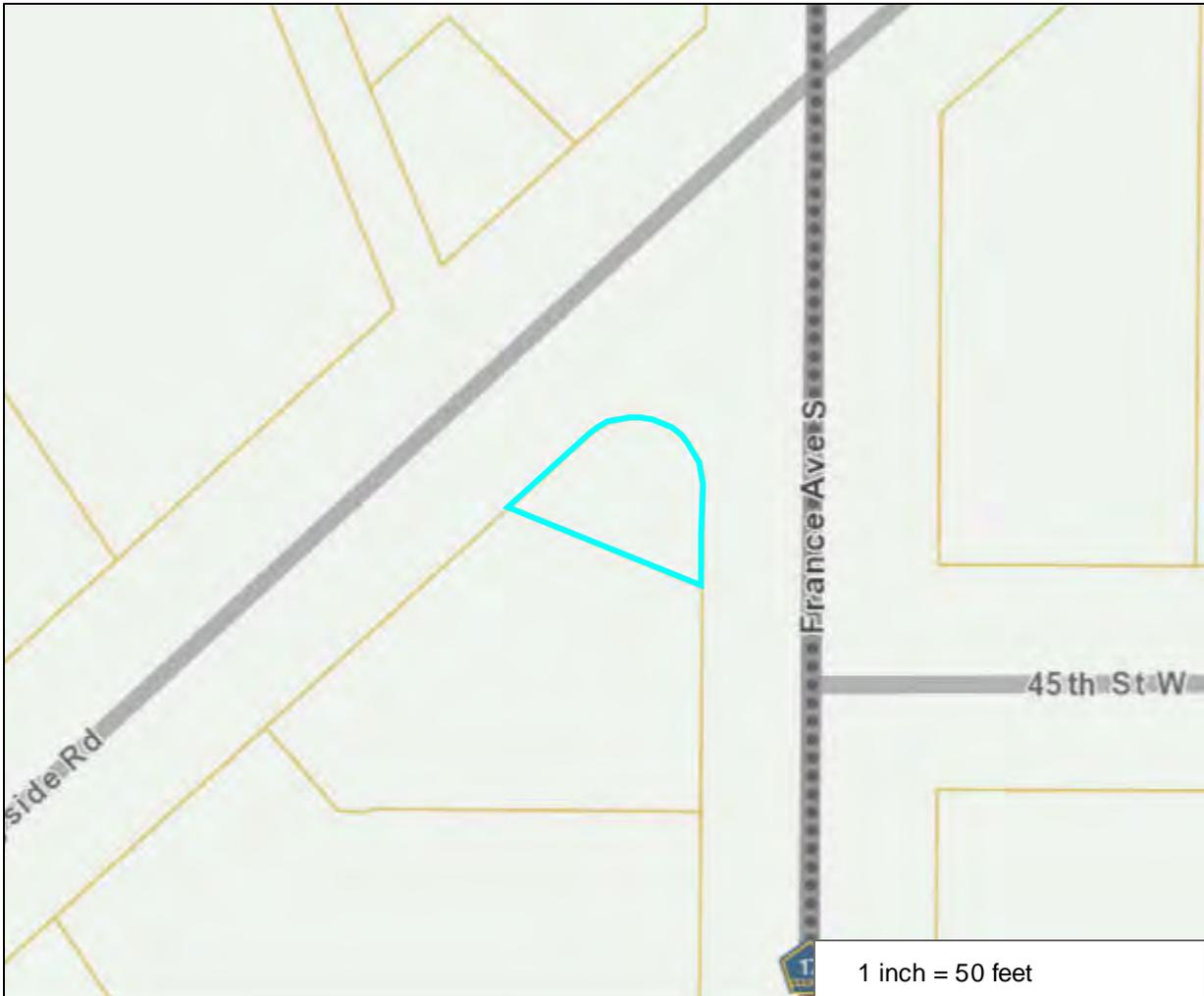
France Ave S

Compass Games





# Hennepin County Property Map



PARCEL ID: 0702824440066

OWNER NAME: 4500 France Avenue Llc

PARCEL ADDRESS: 4500 France Ave S, Edina MN 55410

PARCEL AREA: 0.03 acres, 1,393 sq ft

A-T-B: Abstract

SALE PRICE:

SALE DATA:

SALE CODE:

ASSESSED 2017, PAYABLE 2018

PROPERTY TYPE: Vacant Land-Commercial

HOMESTEAD: Non-Homestead

MARKET VALUE: \$27,900

TAX TOTAL: \$5,744.70

ASSESSED 2018, PAYABLE 2019

PROPERTY TYPE: Vacant Land-commercial

HOMESTEAD: Non-homestead

MARKET VALUE: \$64,100

## Comments:

This data (i) is furnished 'AS IS' with no representation as to completeness or accuracy; (ii) is furnished with no warranty of any kind; and (iii) is not suitable for legal, engineering or surveying purposes. Hennepin County shall not be liable for any damage, injury or loss resulting from this data.

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# Hennepin County Property Map



PARCEL ID: 0702824440067

OWNER NAME: 4500 France Avenue Llc

PARCEL ADDRESS: 4500 France Ave S, Edina MN 55410

PARCEL AREA: 0.15 acres, 6,741 sq ft

A-T-B: Abstract

SALE PRICE:

SALE DATA:

SALE CODE:

ASSESSED 2017, PAYABLE 2018

PROPERTY TYPE: Commercial-Non Preferred

HOMESTEAD: Non-Homestead

MARKET VALUE: \$425,700

TAX TOTAL: \$19,720.36

ASSESSED 2018, PAYABLE 2019

PROPERTY TYPE: Commercial-non Preferred

HOMESTEAD: Non-homestead

MARKET VALUE: \$311,100

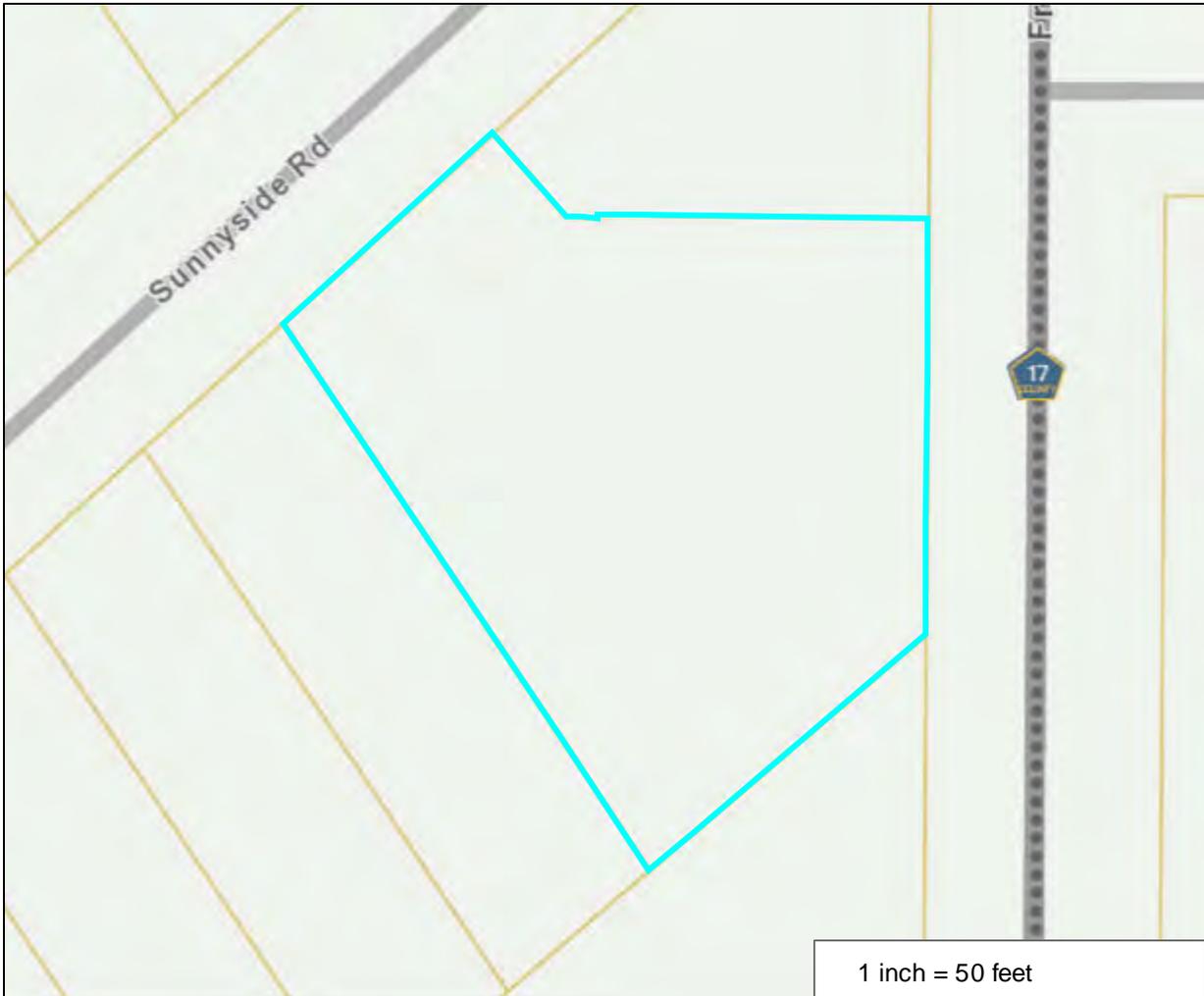
## Comments:

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# Hennepin County Property Map



PARCEL ID: 0702824440068

OWNER NAME: 4500 France Avenue Llc

PARCEL ADDRESS: 3903 Sunnyside Rd, Edina MN 55424

PARCEL AREA: 0.47 acres, 20,544 sq ft

A-T-B: Torrens

SALE PRICE: \$975,968

SALE DATA: 02/2017

SALE CODE: Excluded From Ratio Studies

ASSESSED 2017, PAYABLE 2018

PROPERTY TYPE: Commercial-Preferred

HOMESTEAD: Non-Homestead

MARKET VALUE: \$520,400

TAX TOTAL: \$25,221.64

ASSESSED 2018, PAYABLE 2019

PROPERTY TYPE: Commercial-preferred

HOMESTEAD: Non-homestead

MARKET VALUE: \$946,000

## Comments:

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# Hennepin County Property Map



PARCEL ID: 0702824440069

OWNER NAME: Ryann S Doucette

PARCEL ADDRESS: 3905 Sunnyside Rd, Edina MN 55424

PARCEL AREA: 0.2 acres, 8,659 sq ft

A-T-B: Abstract

SALE PRICE: \$375,000

SALE DATA: 08/2016

SALE CODE: Warranty Deed

ASSESSED 2017, PAYABLE 2018

PROPERTY TYPE: Residential

HOMESTEAD: Non-Homestead

MARKET VALUE: \$400,500

TAX TOTAL: \$6,127.04

ASSESSED 2018, PAYABLE 2019

PROPERTY TYPE: Residential

HOMESTEAD: Non-homestead

MARKET VALUE: \$406,100

## Comments:

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# Hennepin County Property Map



PARCEL ID: 0702824440070

OWNER NAME: Ryann S Doucette

PARCEL ADDRESS: 3907 Sunnyside Rd, Edina MN 55424

PARCEL AREA: 0.2 acres, 8,590 sq ft

A-T-B: Abstract

SALE PRICE: \$378,000

SALE DATA: 01/2014

SALE CODE: Warranty Deed

ASSESSED 2017, PAYABLE 2018

PROPERTY TYPE: Residential

HOMESTEAD: Non-Homestead

MARKET VALUE: \$434,200

TAX TOTAL: \$7,529.48

ASSESSED 2018, PAYABLE 2019

PROPERTY TYPE: Residential

HOMESTEAD: Non-homestead

MARKET VALUE: \$450,000

## Comments:

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# APPENDIX B

**CITY OF EDINA  
PROPOSED EDINA HRA TIF DISTRICT  
BUILDING CONDITION AND CODE DEFICIENCIES REPORT**

**October 9, 2018**

**Property ID No. & Property Address:** 0702824440066 4500 France Avenue South  
**Inspection Date(s) and Time(s):** 9-26-18, 1:00 p.m. and 10-3-18, 3:00 p.m.  
**Inspection Type:** Exterior.  
**Summary of Conditions:** On-grade paved parking lot.  
**Type of Construction:** Asphalt pavement.  
**Structure Size(s):** 1,393 SF  
**Summary of Conditions:** Paved parking lot appears to be in good condition.

- There are no buildings on this parcel that would require an inspection.

**CITY OF EDINA  
PROPOSED EDINA HRA TIF DISTRICT  
BUILDING CONDITION AND CODE DEFICIENCIES REPORT**

**October 9, 2018**

**Property ID No.:** 0702824440067 4500 France Avenue South  
**Inspection Date(s) and Time(s):** 9-26-18, 1:00 p.m. and 10-3-18, 1:00 p.m.  
**Inspection Type:** Interior and exterior.  
**General Description of Property:** Commercial Building; originally a service garage; converted to a dry cleaners  
**Type of Construction:** Exterior masonry bearing walls, cast-in-place concrete foundation and floor slab, wood-framed roof.  
**Date of Construction:** Original building constructed in 1928.  
**Structure Size(s):** 6,532 square feet main level; partial basement within building footprint

**Summary of Deficiencies:** It is our professional opinion that this building is **Structurally substandard** because:

- o Estimated cost to correct building code deficiencies is more than 15% of the estimated replacement cost.

**Estimated Replacement Cost:** **\$1,059,560.00**  
**Estimated Cost to Correct Building Code Deficiencies:** **\$405,298.00**

**Percentage of Replacement Cost for Building Code Deficiencies:** **38.3%**

**Description of Condition Deficiencies**

- Exterior doors (4) currently swing into the building and all are 32" wide doors. Current code requires exterior exit doors to swing in direction of egress travel and provide a minimum 32" clear width when open to 90 degrees.
- Current code requires all outswinging exit doors to have a structural stoop with frost footings to prevent heaving which could restrict the door swing and access/egress capability.
- Only one of the four exterior doors is aligned with existing exterior grade. The remaining three doors will require re-grading of existing parking lot and/or sidewalks for the doors to comply with ADA requirements for an accessible route.
- Stair to partial basement level does not comply with current code for tread depth and riser height.
- Restroom is not in compliance with ADA guidelines. Per current code two restrooms are required to accommodate an occupant load of 66.
- All exterior windows are single-glazed.
- All exterior walls are uninsulated.
- Wood roof framing is not fire-retardant treated.
- Fully adhered EPDM roofing membrane system has failed at several locations, causing water intrusion damage to the wood roof framing members.
- The existing roof is under-insulated.
- The existing lighting system does not comply with current codes for daylight harvesting and energy-efficiency.
- The existing mechanical system does not comply with current codes for ventilation.

**CITY OF EDINA  
PROPOSED EDINA HRA TIF DISTRICT  
BUILDING CONDITION AND CODE DEFICIENCIES REPORT**

**October 9, 2018**

**Property ID No.:** 0702824440068 4500 France Avenue South  
**Inspection Date(s) and Time(s):** 9-26-18, 1:00 p.m. and 10-3-18, 1:00 p.m.  
**Inspection Type:** Interior and exterior.  
**General Description of Property:** Commercial Building (originally a theater) and paved parking lot; currently a dry cleaners  
**Type of Construction:** Exterior masonry bearing walls, cast-in-place concrete foundation and floor slab, wood-framed roof.  
**Date of Construction:** Original building constructed in 1936.  
**Structure Size(s):** 7,427 square feet main level; partial basement within building footprint; partial second floor within building footprint

**Summary of Deficiencies:** It is our professional opinion that this building is **Structurally substandard** because:

- o Estimated cost to correct building code deficiencies is more than 15% of the estimated replacement cost.

**Estimated Replacement Cost:** **\$1,397,260.00**

**Estimated Cost to Correct Building Code Deficiencies:** **\$380,478.00**

**Percentage of Replacement Cost for Building Code Deficiencies:** **27.2%**

**Description of Condition Deficiencies**

- Exterior doors (3) currently swing into the building and all are 32" wide doors. Current code requires exterior exit doors to swing in direction of egress travel and provide a minimum 32" clear width when open to 90 degrees.
- Current code requires all outswinging exit doors to have a structural stoop with frost footings to prevent heaving which could restrict the door swing and access/egress capability.
- Three door openings have been infilled. One at the south wall providing egress from the main theater space and the other two in the east wall providing egress from the stage. The existing openings are 64" wide. Each opening will need one new 36" wide outswinging door with a structural stoop with frost footings to prevent heaving which could restrict the door swing and access/egress capability.
- Stair to partial basement level does not comply with current code for tread depth and riser height.
- Stair to partial upper floor level does not comply with current code for tread depth and riser height.
- Restrooms are not in compliance with ADA guidelines. Per current code two restrooms are required to accommodate an occupant load of 75.
- All exterior windows are single-glazed.
- All exterior walls are uninsulated.
- Wood roof framing is not fire-retardant treated.
- The existing roof is under-insulated.
- The existing lighting system does not comply with current codes for daylight harvesting and energy-efficiency.
- The existing mechanical system does not comply with current codes for ventilation.
- Parking lot pavement needs full replacement

**CITY OF EDINA  
PROPOSED EDINA HRA TIF DISTRICT  
BUILDING CONDITION AND CODE DEFICIENCIES REPORT**

**October 9, 2018**

**Property ID No.:** 0702824440069 3905 Sunnyside Road  
**Inspection Date(s) and Time(s):** 9-26-18, 1:00 p.m. and 10-3-18, 1:00 p.m.  
**Inspection Type:** Interior and exterior.  
**General Description of Property:** Residential home with detached garage  
**Type of Construction:** Wood-framed construction, stucco exterior, asphalt shingles.  
**Date of Construction:** Original building constructed in 1936.  
**Structure Size(s):** 873 square feet main level with 86 square foot porch; full basement and partial upper level  
379 square foot garage

**Summary of Deficiencies:** It is our professional opinion that this building is **Not Substandard** because:

- o Estimated cost to correct building code deficiencies is less than 15% of the estimated replacement cost.

**Estimated Replacement Cost:** \$507,625.00  
**Estimated Cost to Correct Building Code Deficiencies:** \$18,146.00

**Percentage of Replacement Cost for Building Code Deficiencies:** 3.6%

**Description of Condition Deficiencies**

- Exterior walls are under-insulated.
- Attic space/roof is under-insulated.
- Asphalt shingles on house and garage are in need of replacement.

**CITY OF EDINA  
PROPOSED EDINA HRA TIF DISTRICT  
BUILDING CONDITION AND CODE DEFICIENCIES REPORT**

**October 9, 2018**

**Property ID No.:** 0702824440070    3907 Sunnyside Road  
**Inspection Date(s) and Time(s):** 9-26-18, 1:00 p.m. and 10-3-18, 1:00 p.m.  
**Inspection Type:** Interior and exterior.  
**General Description of Property:** Residential home with detached garage  
**Type of Construction:** Wood-framed construction, stucco exterior, asphalt shingles.  
**Date of Construction:** Original building constructed in 1928.  
**Structure Size(s):** 1,052 square feet main level; full basement and partial upper level;  
246 square foot garage

**Summary of Deficiencies:** It is our professional opinion that this building is **Not Substandard** because:

- o Estimated cost to correct building code deficiencies is less than 15% of the estimated replacement cost.

**Estimated Replacement Cost:** **\$562,500.00**  
**Estimated Cost to Correct Building Code Deficiencies:** **\$21,773.00**

**Percentage of Replacement Cost for Building Code Deficiencies:** **3.8%**

**Description of Condition Deficiencies**

- Windows are single-pane glazing.
- Exterior walls are under-insulated.
- Attic space/roof is under-insulated.

# APPENDIX C

**CITY OF EDINA  
PROPOSED EDINA HRA TIF DISTRICT  
ESTIMATED REPLACEMENT COSTS**

**Property ID No. & Property Address:** 0702824440066 4500 France Avenue South  
Paved parking lot.

**Estimated Cost to Correct Building Code Deficiencies:** **\$0.00**

**Property ID No. & Property Address:** 0702824440067 4500 France Avenue South

Replace exterior doors (4)  
 Remove existing doors and frames – 4 @ \$150/EA \$600.00  
 Widen existing openings – 4 @ \$3,500/EA \$14,000.00  
 New 3' wide aluminum entrance door and frame \$2,025.00  
 New 3' wide flush hollow metal insulated door and frame  
 3 @ \$2,905/EA \$8,715.00

West front entrance stoop upgrade  
 Demo existing sidewalk – 3 CY @ \$370/CY \$1,110.00  
 New concrete footing – 2 CY @ \$395/CY \$790.00  
 New 8" CMU walls – 56 SF @ \$11.75/SF \$658.00  
 New concrete stoop/ramp – 2.5 CY @ \$370/CY \$925.00

East front entrance stoop upgrade  
 Demo existing sidewalk – 3 CY @ \$370/CY \$1,110.00  
 New concrete footing – 2 CY @ \$395/CY \$790.00  
 New 8" CMU walls – 56 SF @ \$11.75/SF \$658.00  
 New concrete stoop/ramp – 2.5 CY @ \$370/CY \$925.00

West entrance stoop upgrade  
 Demo existing sidewalk – 3 CY @ \$370/CY \$1,110.00  
 New concrete footing – 2 CY @ \$395/CY \$790.00  
 New 8" CMU walls – 56 SF @ \$11.75/SF \$658.00  
 New concrete stoop/ramp – 2.5 CY @ \$370/CY \$925.00

East entrance stoop upgrade  
 Demo existing sidewalk – 3 CY @ \$370/CY \$1,110.00  
 New concrete footing – 2 CY @ \$395/CY \$790.00  
 New 8" CMU walls – 56 SF @ \$11.75/SF \$658.00  
 New concrete stoop/ramp – 2.5 CY @ \$370/CY \$925.00

Upgrade stairs to partial basement level – 16 Risers @ \$650/riser \$10,400.00

Replace handrails at stairs to basement and upper levels  
 58 LF @ \$35/LF \$2,030.00

Restroom upgrade – demolition and new construction  
 Male Restroom – 1 water closet, 1 lavatory  
 60 SF @ \$425/SF \$25,500.00  
 Female Restroom – 1 water closet, 1 lavatory  
 60 SF @ \$425/SF \$25,500.00

Replace existing single-glazed windows with new thermally-  
 Improved frames and insulating glass – 346 SF @ \$89/SF \$30,794.00

Insulate exterior masonry walls – 4,860 SF @ \$14/SF \$68,040.00

Install fire sprinkler system to protect the wood roof framing  
 6,532 SF @ \$6.03/SF \$39,388.00

Replace fully adhered EPDM system with new fully adhered  
 EPDM roofing system with R-31.25 insulation  
 6,532 SF @ \$12.50/SF \$81,650.00

Replace lighting system – 6,532 SF @ \$8.25/SF \$53,889.00

HVAC System upgrade – 6,532 SF @ \$7.50/SF \$48,990.00

Ventilation System upgrade – 6,532 SF @ \$5.25/SF \$34,293.00

**Estimated Cost to Correct Building Code Deficiencies:** **\$405,298.00**

**CITY OF EDINA  
PROPOSED EDINA HRA TIF DISTRICT  
ESTIMATED REPLACEMENT COSTS**

**Property ID No. & Property Address:      0702824440068      4500 France Avenue South**

Replace exterior doors (6)	
Remove existing doors and frames – 6 @ \$150/EA	\$900.00
Widen existing openings – 2 @ \$3,500/EA	\$7,000.00
New 3' wide flush hollow metal insulated door and frame 6 @ \$2,905/EA	\$17,430.00
Exit door stoop upgrade (6)	
Demo existing sidewalk – 3 CY @ \$370/CY x 6	\$6,660.00
New concrete footing – 2 CY @ \$395/CY x 6	\$4,740.00
New 8" CMU walls – 56 SF @ \$11.75/SF x 6	\$3,948.00
New concrete stoop/ramp – 2.5 CY @ \$370/CY x 6	\$5,550.00
Insulate exterior masonry walls - 6,050 SF @ \$14/SF	\$84,700.00
Replace single pane glazing with thermally improved frames and insulated glass – 164 SF @ \$89/SF	\$14,596.00
Insulate roof – 7,427 SF @ \$5.50/SF	\$40,849.00
Restroom upgrade – demolition and new construction	
Male Restroom – 1 water closet, 1 lavatory 60 SF @ \$425/SF	\$25,500.00
Female Restroom – 1 water closet, 1 lavatory 60 SF @ \$425/SF	\$25,500.00
Upgrade stairs to partial basement levels and partial upper level 44 Risers @ \$650/riser	\$28,600.00
Replace handrails at stairs to basement and upper levels 124 LF @ \$35/LF	\$4,340.00
HVAC System upgrade – 7,427 SF @ \$7.50/SF	\$55,703.00
Ventilation System upgrade – 7,427 SF @ \$5.25/SF	\$38,992.00
Replace pavement in parking lot and re-stripe – 834 SY @ \$18.55/SY	<u>\$15,470.00</u>
<b>Estimated Cost to Correct Building Code Deficiencies:</b>	<b>\$380,478.20</b>

**Property ID No. & Property Address:      0702824440069      3905 Sunnyside Road**

Insulate exterior walls – 1,305 SF @ \$5.50/SF	\$7,178.00
Insulate attic/roof – 873 SF @ \$2.75/SF	\$2,400.00
Replace asphalt shingles – 1,428 SF @ \$6.00/SF	<u>\$8,568.00</u>
<b>Estimated Cost to Correct Building Code Deficiencies:</b>	<b>\$18,146.00</b>

**Property ID No. & Property Address:      0702824440070      3907 Sunnyside Road**

Replace existing single-glazed wood windows with new metal clad wood windows with insulating glass	
12 double-hung @ \$575/EA	\$6,900.00
6 awning @ \$475/EA	\$2,850.00
Insulate exterior walls – 1,660 SF @ \$5.50/SF	\$9,130.00
Insulate attic/roof – 1,052 SF @ \$2.75/SF	\$2,893.00
<b>Estimated Cost to Correct Building Code Deficiencies:</b>	<b>\$21,773.00</b>

# APPENDIX D



Photo 1: Pavement condition at parking lot



Photo 2: Pavement condition at parking lot

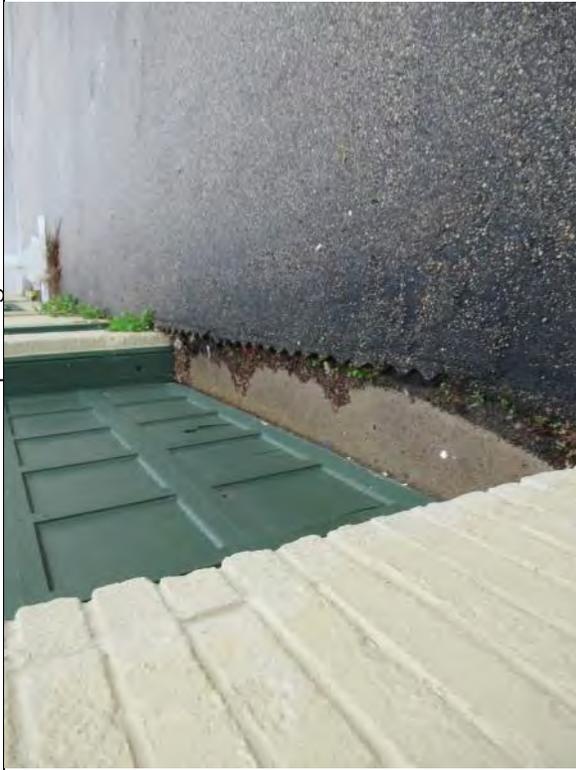


Photo 3: Pavement condition at parking lot

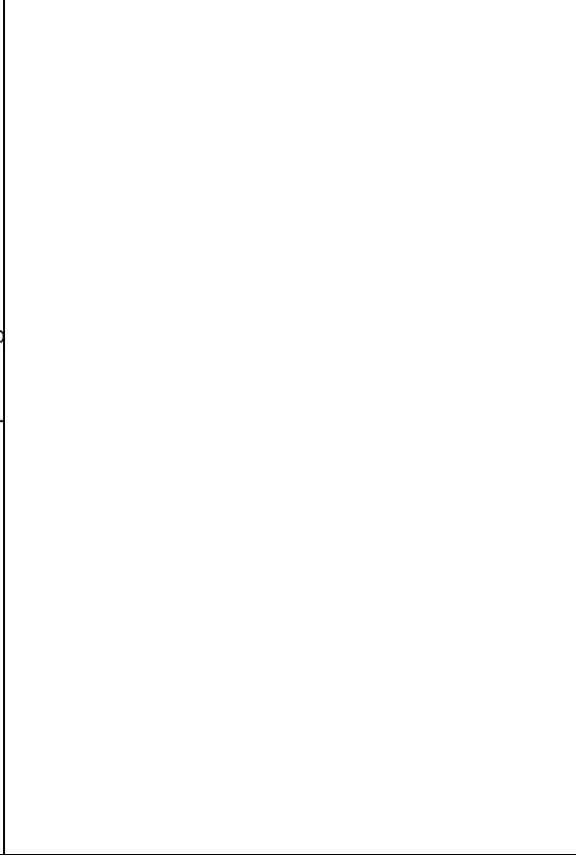


Photo 4: Not used



Photo 5: Edina Cleaners north wall



Photo 6: Edina Cleaners east and north walls



Photo 7: Edina Cleaners west wall



Photo 8: Edina Cleaners stair at partial basement



Photo 9: Edina Cleaners only restroom



Photo 10: Edina Cleaners windows at north wall



Photo 11: Edina Cleaners windows at east wall



Photo 12: Edina Cleaners windows at west wall



Photo 13: Edina Cleaners uninsulated exterior walls and exposed wood roof framing



Photo 14: Edina Cleaners uninsulated exterior walls and exposed wood roof framing



Photo 15: Edina Cleaners uninsulated exterior walls and exposed wood roof framing



Photo 16: Edina Cleaners exposed wood roof framing



Photo 17: Edina Cleaners uninsulated exterior walls and exposed wood roof framing



Photo 18: Edina Cleaners fully adhered EPDM roofing system

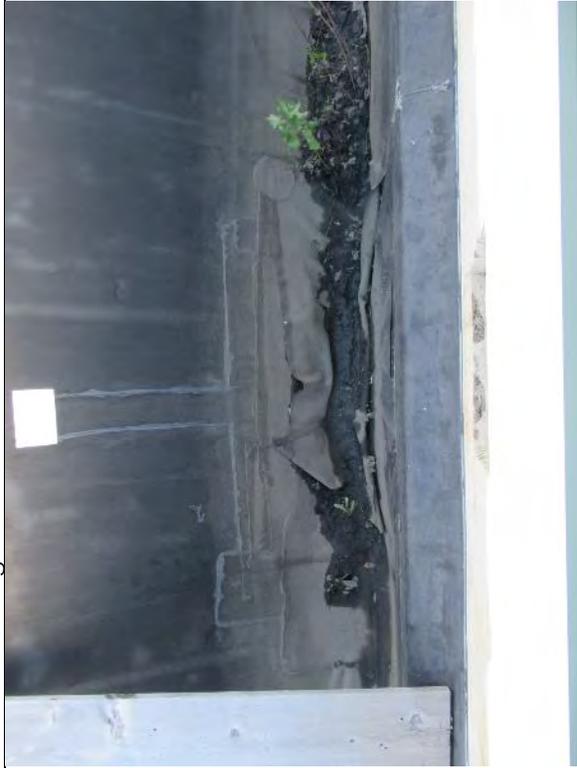


Photo 19: Edina Cleaners fully adhered EPDM roofing system damage at roof drain



Photo 20: Edina Cleaners fully adhered EPDM roofing system damage at roof drain



Photo 21: Edina Cleaners exterior door opening infilled



Photo 22: Edina Cleaners exterior doors at west wall



Photo 23: Edina Cleaners exterior doors at east wall (two infilled)



Photo 24: Edina Cleaners exterior doors at south wall

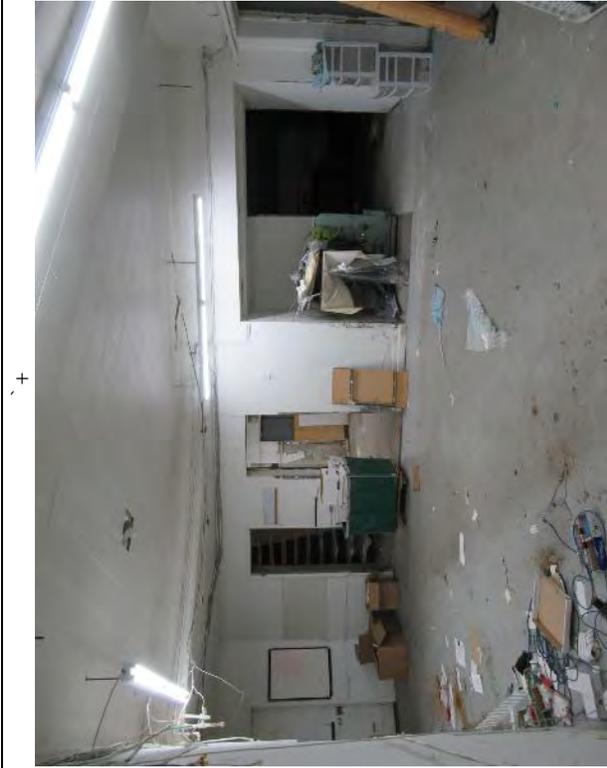


Photo 25: Edina Cleaners main level space and stairs to partial upper level



Photo 26: Edina Cleaners stair to partial upper level



Photo 27: Edina Cleaners stair to partial basement



Photo 28: Edina Cleaners stair to partial basement



Photo 29: Edina Cleaners restroom



Photo 30: Edina Cleaners restroom missing urinals



Photo 31: Edina Cleaners single-glazed windows



Photo 32: Edina Cleaners single-glazed windows



Photo 33: Edina Cleaners uninsulated exterior walls



Photo 34: Edina Cleaners uninsulated exterior walls



Photo 35: Edina Cleaners uninsulated exterior walls and damaged doors

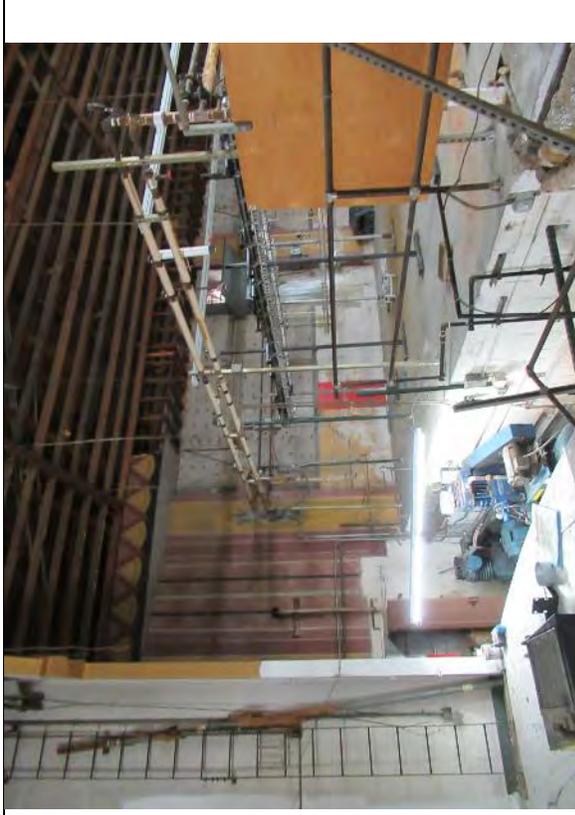


Photo 36: Edina Cleaners exposed wood roof framing



Photo 37: Edina Cleaners exposed wood roof framing



Photo 38: Edina Cleaners exposed wood roof framing



Photo 39: Edina Cleaners parking lot with wood screen fence



Photo 40: Edina Cleaners south wall and parking lot



Photo 41: 3905 Sunnyside Road exterior



Photo 42: 3905 Sunnyside Road roof shingles at garage



Photo 43: 3905 Sunnyside Road roof shingles at garage



Photo 44: 3905 Sunnyside Road roof shingles at house



Photo 45: 3907 Sunnyside Road exterior



Photo 46: 3907 Sunnyside Road single-glazed windows



Photo 47: 3907 Sunnyside Road single-glazed windows



Photo 48: 3907 Sunnyside Road single-glazed windows

## Appendix G

### Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan (TIF Plan) for 44th and France 2 Tax Increment Financing District (District), as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. *Finding that 44th and France 2 Tax Increment Financing District is a redevelopment district as defined in M.S., Section 469.174, Subd. 10a.*

The District consists of five parcels, with plans to redevelop the area for rental housing and commercial/industrial purposes. At least 70 percent of the area of the parcels in the District are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures; at least 20 percent of the buildings in the District, not including outbuildings, are structurally substandard; and at least 30 percent of the other buildings in the District require substantial renovation or clearance. (See Appendix F of the TIF Plan.)

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the 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 TIF Plan.*

*The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future:* This finding is supported by the fact that the redevelopment proposed in the TIF Plan meets the City's objectives for redevelopment. The existing property contains vacant and substandard buildings whose renovation requires high costs related to demolition, remediation and reconstruction. The redevelopment also requires substantial investment toward public improvements such as local transportation and utility infrastructure and shared public parking. The combination of limited amounts of property available for expansion adjacent to the existing redevelopment site, height/density limitations, and the cost of financing the proposed improvements, this project is feasible only through assistance, in part, from tax increment financing.

The developer for the redevelopment provided a proforma outlining project sources and uses as well as projected rent, vacancy and financing assumptions. City staff and the City's financial advisor reviewed the information and have determined that the project is not feasible without assistance due to anticipated rent levels and market returns not supporting the redevelopment costs for this site. The term of assistance for the

redevelopment project is expected to be less than the maximum 16-year term of a renewal and renovation district.

*The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in 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 TIF Plan:* This finding is justified on the grounds that the development intensity and tax base created on currently vacant and/or underutilized property requires site and public improvement costs that are improbable without public assistance. Specifically, the cost of site preparation, demolition, remediation, and public improvements to include underground parking and utilities will add significantly to the total redevelopment cost of any development in this area. Site and public improvements costs necessary to sustain the approved density have made redevelopment infeasible without tax increment assistance. The City reasonably determines that no other redevelopment of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

Therefore, the City concludes as follows:

- a. The City's estimate of the amount by which the market value of the entire District will increase without the use of tax increment financing is \$0.
- b. If the proposed development occurs, the total increase in market value will be \$16,740,700.
- c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$2,565,757.
- d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than \$14,174,943 (the amount in clause b less the amount in clause c) without similar tax increment assistance.

*3. Finding that the TIF Plan for the District conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The Planning Commission reviewed the TIF Plan and found that the TIF Plan conforms to the general development plan of the City.

*4. Finding that the TIF Plan for the District will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Southeast Edina Redevelopment Project Area by private enterprise.*

The project to be assisted by the District will result in increased employment in the City and the State of Minnesota, the renovation of substandard properties, increased tax base of the State, addressing several of the goals identified within the City's 44<sup>th</sup> and France Neighborhood land use and development plans, and add a high-quality development to the City which also expands the availability of safe and decent life-cycle housing in the City.

<b>But-For Analysis</b>	
Current Market Value	\$2,177,300
New Market Value - Estimate	<u>\$18,918,000</u>
Difference	\$16,740,700
Present Value of Tax Increment	<u>\$2,565,757</u>
Difference	\$14,174,943
<b>Value Likely to Occur Without TIF is Less Than:</b>	<b>\$14,174,943</b>