



*As of March 31, 2016
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 66 West Tax Increment Financing District
(a housing district)**

within

the Southeast Edina Redevelopment Project Area

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

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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

This modification represents a continuation of the goals and objectives set forth in the Redevelopment Plan for the Southeast Edina Redevelopment Project Area. Because the 66 West Tax Increment Financing District (the “District”) is located within the Southeast Edina Redevelopment Project Area, the modification to the District must be listed in the Redevelopment Plan. Therefore, the following bold-faced text represents a Modification to the Redevelopment Plan.

Section 1 - Municipal Action Taken

Based upon the statutory authority described in the Redevelopment Plan attached hereto, 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 Plan.

October 5, 1981: The Southeast Edina Redevelopment 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 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 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 provides and Interest Reduction Program in the amount of \$2,500,000

to assist in the financing and construction of housing units, and authorizes the HRA and City to incur bonded indebtedness.

February 21, 2012: The HRA and City expand the Southeast Edina Project Area as can be seen in Appendix A.

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.

(AS MODIFIED APRIL 5, 2016)

April 5, 2016: The HRA and City are modifying the Tax Increment Financing Plan for the Southdale 2 Tax Increment Financing District and establishing the 66 West 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 66 West 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 66 West Tax Increment Financing District (the "District"), a housing 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 a separate document: the Redevelopment Plan for the Southeast Edina Redevelopment Project Area, adopted September 29, 1977 and modified from time to time.

Subsection 2-3. Statement of Objectives

The District consists of one parcel of land and adjacent and internal rights-of-way. The District is being created to facilitate the construction of approximately 39 affordable efficiency apartments in the City targeted as housing for teenagers and young adults who have experienced homelessness. Please see Appendix A for further description of the anticipated project. The HRA is considering an agreement with Beacon Interfaith Housing Collaborative as developer at the time of preparation of this TIF Plan. Reconstruction is proposed to begin in 2016 with completion in 2017. This TIF Plan is expected to achieve many of the objectives outlined in Subsection 3-4 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 parcel 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 HRA or City may acquire any parcel or portions of any parcel within the District including interior and adjacent street rights of way. Property will be acquired by the HRA or City with tax increment only to accomplish one or more of the following: storm sewer improvements; provide land for needed public streets, utilities, facilities, and other public transportation or circulation purposes; site assembly; site improvements, clearance and/or development to accomplish the uses and objectives set forth in this TIF Plan.

The HRA or 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 housing district pursuant to M.S., Section 469.174, Subd. 11 and M.S., Section 469.1761 as defined below:

M.S., Section 469.174, Subd.11:

"Housing district" means a type of tax increment financing district which consists of a project, or a portion of a project, intended for occupancy, in part, by persons or families of low and moderate income, as defined in chapter 462A, Title II of the National Housing Act of 1934, the National Housing Act of 1959, the United States Housing Act of 1937, as amended, Title V of the Housing Act of 1949, as amended, any other similar present or future federal, state, or municipal legislation, or the regulations promulgated under any of those acts, and that satisfies the requirements of M.S., Section 469.1761. Housing project means a project, or portion of a project, that meets all the qualifications of a housing district under this subdivision, whether or not actually established as a housing district.

M.S., Section 469.1761:

Subd. 1. Requirement imposed.

(a) In order for a tax increment financing district to qualify as a housing district:

(1) the income limitations provided in this section must be satisfied; and

(2) no more than 20 percent of the square footage of buildings that receive assistance from tax increments may consist of commercial, retail, or other nonresidential uses.

M.S., Section 469.1761 continued:

(b) The requirements imposed by this section apply to property receiving assistance financed with tax increments, including interest reduction, land transfers at less than the authority's cost of acquisition, utility service or connections, roads, parking facilities, or other subsidies. The provisions of this section do not apply to districts located within a targeted area as defined in Section 462C.02 Subd 9, clause (e).

(c) For purposes of the requirements of paragraph (a), the authority may elect to treat an addition to an existing structure as a separate building if:

(1) construction of the addition begins more than three years after construction of the existing structure was completed; and

(2) for an addition that does not meet the requirements of paragraph (a), clause (2), if it is treated as a separate building, the addition was not contemplated by the tax increment financing plan which includes the existing structure.

Subd. 2. Owner occupied housing.

For owner occupied residential property, 95 percent of the housing units must be initially purchased and occupied by individuals whose family income is less than or equal to the income requirements for qualified mortgage bond projects under section 143(f) of the Internal Revenue Code.

Subd. 3. Rental property.

For residential rental property, the property must satisfy the income requirements for a qualified residential rental project as defined in section 142(d) of the Internal Revenue Code. The requirements of this subdivision apply for the duration of the tax increment financing district.

Subd. 4. Noncompliance; enforcement.

Failure to comply with the requirements of this section is subject to M.S., Section 469.1771.

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

- The District consists of one parcel
- The development will consist of 39 units of affordable rental housing
- A minimum of 40% of the units will be occupied by person with incomes less than 60% of median income

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 25 years after receipt of the first increment by the HRA or City (a total of

26 years of tax increment collection). The HRA or City elects to receive the first tax increment in 2019, 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 2044, 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 2015 for taxes payable 2016.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2019) 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 2016, assuming the request for certification is made before June 30, 2016. The ONTC and 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 2019. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Estimated Tax Capacity upon Completion (PTC)	\$43,189	
Original Estimated Net Tax Capacity (ONTC)	\$15,315	
Estimated Captured Tax Capacity (CTC)	\$27,874	
Original Local Tax Rate	1.11679	Estimated Pay 2016
Estimated Annual Tax Increment (CTC x Local Tax Rate)	\$31,129	
Percent Retained by the HRA	100%	

Tax capacity includes a 2% 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 25. The tax capacity of the District in year one is estimated to be \$26,325. The Original Net Tax Capacity is based on the tax capacity rate for affordable housing.

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 found no parcels for which 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:

<u>SOURCES OF FUNDS</u>	<u>TOTAL</u>
Tax Increment (net OSA fee)	\$543,250
<u>Interest</u>	<u>\$54,325</u>
TOTAL	\$597,575

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 project within the District will be financed by an interfund loan. 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 \$597,575. 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. Budgeted Uses of Funds

Currently under consideration for the District is a proposal to facilitate the development and construction of approximately 39 affordable efficiency apartment units targeted as housing for teenagers and young adults who have experienced homelessness. 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	\$50,000
Other Qualifying Improvements	\$500,000
<u>Administrative Costs (up to 10%)</u>	<u>\$47,575</u>
PROJECT COST TOTAL	\$597,575
<u>Interest</u>	<u>\$0</u>
PROJECT AND INTEREST COSTS TOTAL	\$597,575

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. The HRA may expend funds for qualified housing activities outside of the District boundaries.

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*, (inside 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. It is not anticipated that the District will contain commercial/industrial property. As a result, there should be no impact due to the fiscal disparities provision on the District.

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, 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 West 66th St. (County Road 53), France Avenue (County Road 17), and Xerxes/York Avenue (County Road 31). The HRA and 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 this TIF Plan. In the opinion of the HRA and City and consultants, the proposed development outlined in this TIF Plan will have little or no impact upon county roads, therefore the TIF Plan was not forwarded to the county 45 days prior to the public hearing.

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 and City have 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:

IMPACT ON TAX BASE IF "BUT FOR" NOT MET

	Estimated 2015/Pay 2016 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) Upon Completion	Percent of CTC to Entity Total
Hennepin County	1,467,566,893	27,874	0.0019%
City of Edina	112,555,594	27,874	0.0248%
Richfield ISD No. 280	37,281,530	27,874	0.0748%

IMPACT ON TAX RATES IF "BUT FOR" NOT MET

	Estimated Pay 2016 Extension Rates	Percent of Total Rate	CTC	Potential Annual Taxes
Hennepin County	0.453140	40.58%	27,874	12,631
City of Edina	0.271220	24.29%	27,874	7,560
Richfield ISD No. 280	0.279840	25.06%	27,874	7,800
Other	<u>0.112590</u>	<u>10.08%</u>	<u>27,874</u>	<u>3,138</u>
Total	1.116790	100.00%		31,129

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 estimated Pay 2016 rate as obtained from Hennepin County. The total net capacity for the entities listed above are based on estimated Pay 2016 figures. The District will be certified under the actual Pay 2016 rates, which were unavailable at the time this TIF Plan was prepared.

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 \$543,250;
- (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. 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 costs of inspection and that the property will generate few calls, if any, because the new building will be of superior construction with an active fire protection system. The existing building, which will be completely remodeled by the new development, is not currently sprinklered and is considered abandoned by 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 development is not expected to significantly impact any traffic movements in the area. The current infrastructure for sanitary sewer, storm sewer and water will be able to handle any additional volume generated from the proposed development. Based on the approved development plans, there are no additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks. The development in the District is expected to contribute an estimated \$96,915 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 project, 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 all 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 \$136,138. The amount is calculated by multiplying the total estimated increment of \$543,250 by the percent of the total tax rate attributable to the school district (based on the Pay 2016 tax rate) of 25.06%.
- (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 \$220,451. The amount is calculated by multiplying the total estimated increment of \$543,250 by the percent of the total tax rate attributable to the county (based on the Pay 2016 tax rate) of 40.58%.
- (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.

A copy of the proposed TIF Plan was furnished to the county and school district for comment on the anticipated fiscal impacts. Edina Public Schools has requested additional information regarding the proposed development for the District. The City Manager has responded and provided additional information.

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 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:

- Resolution 2015-48: Supporting Affordably-Priced Housing at 3330 West 66th Street
- HRA Resolution 2015-01: Supporting Affordably-Priced Housing at 3330 West 66th Street
- City Memo dated January 28, 2015 titled “66 West Apartments - Funding Request from Beacon Interfaith Housing”
- City Memo dated April 7, 2015 titled “66 West Apartments Consideration of Public Funding”

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 Authority;*
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 Authority.*

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 housing 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. 11* must be documented. 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 May 2020 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*.

Revenues derived from tax increment from a housing district must be used solely to finance the cost of housing projects as defined in *M.S., Sections 469.174, Subd. 11 and 469.1761*. The cost of public improvements directly related to the housing projects and the allocated administrative expenses of the HRA or City may be included in the cost of a housing project.

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 annually an amount not to exceed an amount as specified in a developer's agreement to reimburse the costs of the housing project. Remaining increment funds will be used for HRA or City administration (up to 10 percent) and for the costs of public improvement activities 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 within the District 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 10 percent, by acreage, of the property to be acquired in the District 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 10 percent of the acreage, the HRA or City concluded an agreement for the development of the property acquired and which provides recourse for the HRA or City should the development 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. 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.

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. Housing District Exceptions to Restriction on Pooling; Five Year Limit. Pursuant to *M.S., Section 469.1763, (1)* At least 80% of the tax increment derived from the District must be expended on Public Costs incurred within said district, and up to 20% of said tax increments may be spent on public costs incurred outside of the District but within the Southeast Edina Redevelopment Project Area; provided that in the case of a housing district, a housing project, as defined in *M.S., Section 469.174, Subd. 11*, is deemed to be an activity in the District, even if the expenditure occurred after five years.

The City has previously obtained special legislation to allow pooling in an amount above the pooling limits in *M.S., Section 469.173(1)*. The special legislation requires rauthorization. If the special legislation is reauthorized, the City may pool increment in accordance with the special legislation.

Subsection 2-28. Summary

The Edina Housing and Redevelopment Authority is establishing the District to provide an impetus for the construction of a new affordable multi-family housing project which will provide safe and decent life cycle housing in the City. The TIF Plan for the District was prepared by Ehlers & Associates, Inc., 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, telephone (651) 697-8500.

Appendix A

Project Description

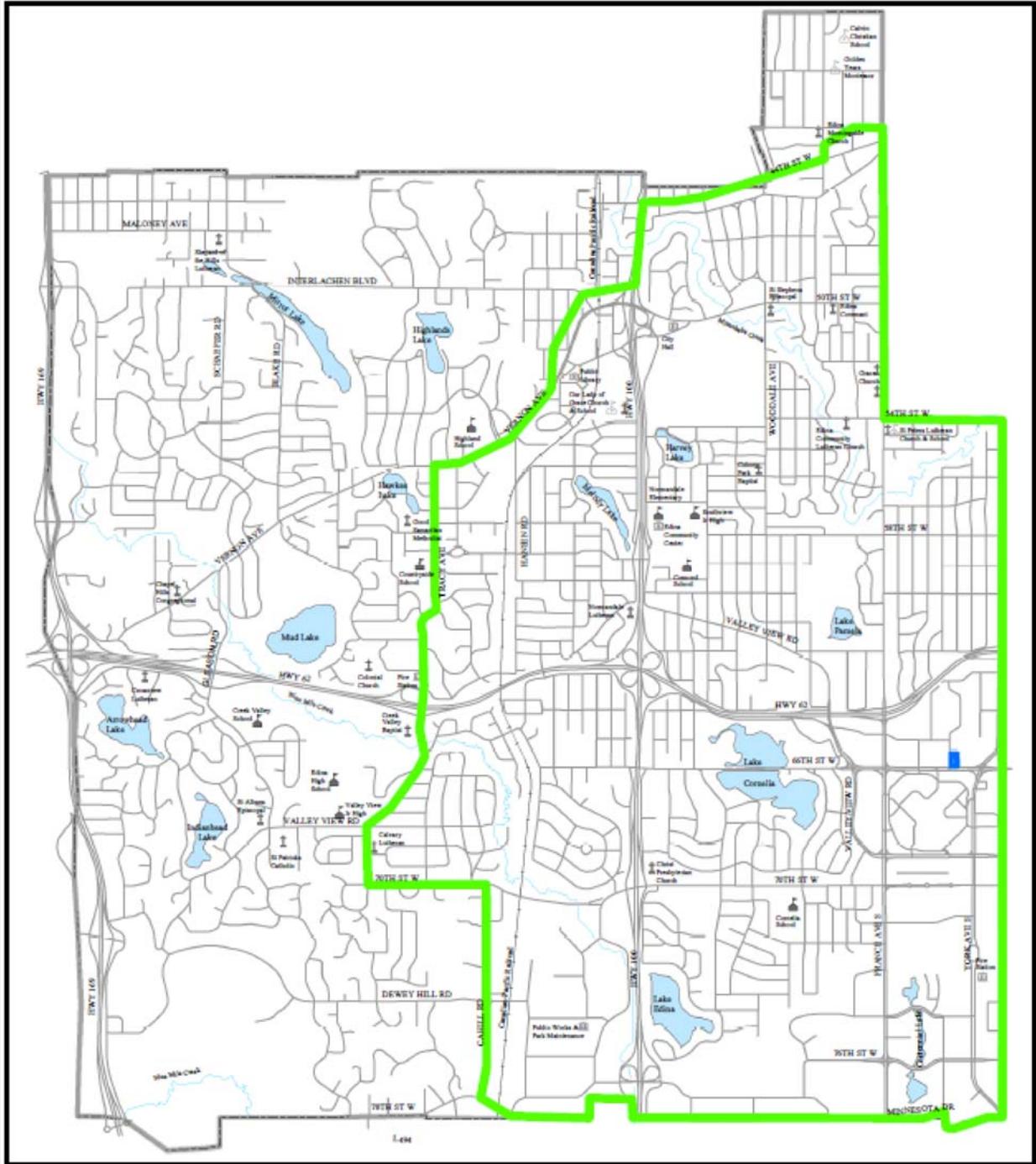
Beacon Interfaith Housing Collaborative is proposing to construct and occupy a development consisting of approximately 39 affordable efficiency apartments targeted as housing for teenagers and young adults who have experienced homelessness. The development is situated on approximately 0.9 acres in the city re-zoned for affordable housing with supportive service in the Regional Medical District. The project will renovate approximately 18,000 square feet of existing two-story commercial space and add 10,500 square feet to create 39 small studio apartments each containing a full kitchen and bathroom. Additional indoor space will consist of small offices for on-site service providers and property management and communal space for recreation, fitness, computer lab and laundry.

Beacon Interfaith Housing Collaborative is a non-profit corporation providing housing and supportive services at facilities throughout the Twin Cities region. Construction is expected to begin in the Summer of 2016 with completion and planned occupancy in 2017. Tax Increment from this TIF District will be utilized alongside funding from Minnesota Housing Finance Agency, Metropolitan Council, Hennepin County and private sources to provide financing for the estimated \$11.2 million housing project.

100% of the units will be considered affordable housing. Under terms of the development agreement, the developer will agree to maintain at least 40% of units occupied by households at or below 60% of the area median income.

Appendix B

Map of the Southeast Edina Redevelopment Project Area and the 66 West TIF District



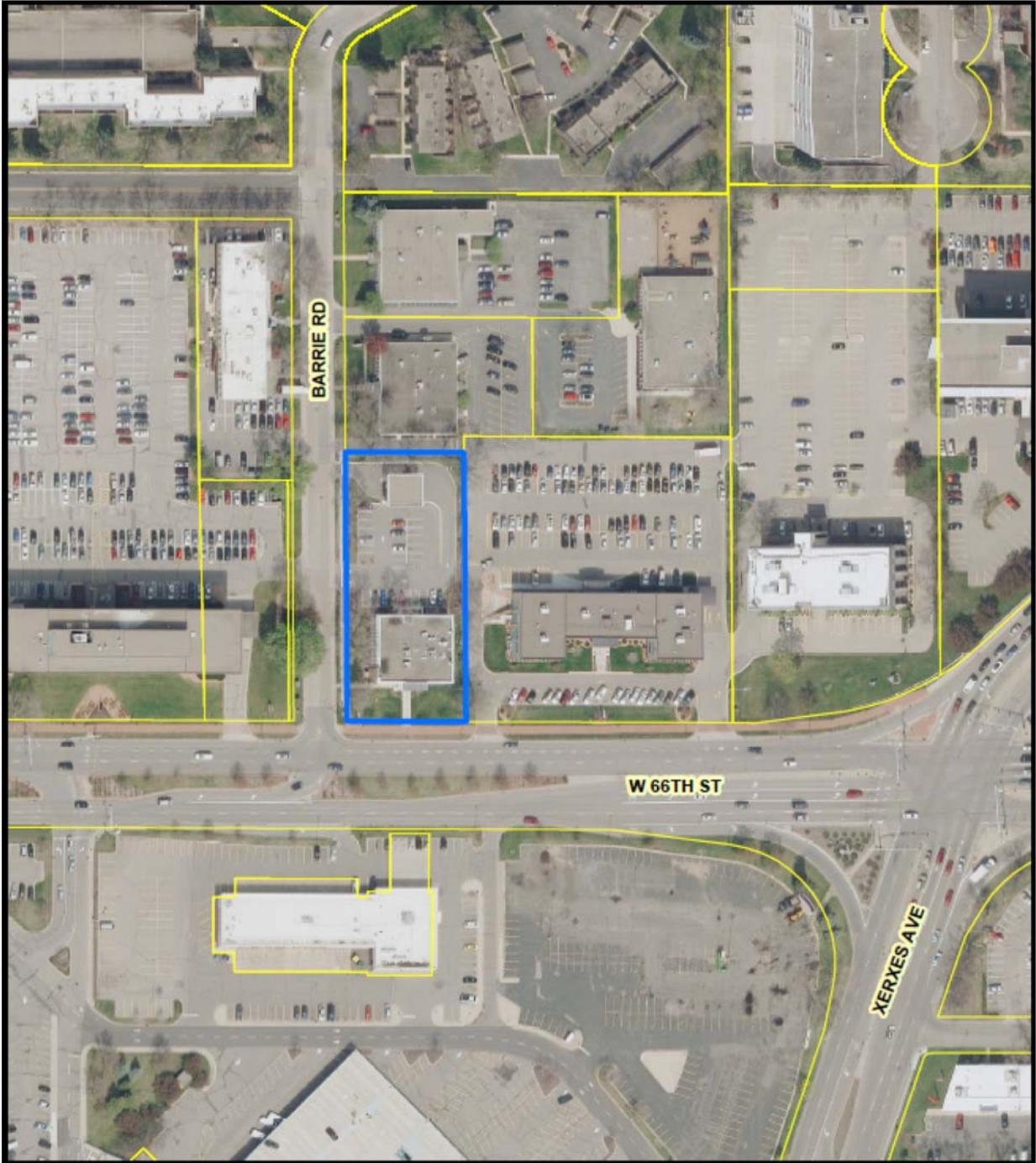
Southeast Edina Redevelopment Project Area and 66 West TIF District



- Project Area
- 66 West TIF District



Engineering Dept.
December, 2015



66 West TIF District



66 West TIF District

3330 66th St W
Edina, MN 55435
PID 29-028-24-24-0030



Engineering Dept
December, 2015

Appendix C

Description of Property to be Included in the District

The 66 West TIF District encompasses all property and adjacent rights-of-way and abutting roadways identified by the parcel number listed below.

<u>Parcel Number</u>	<u>Address</u>	<u>Owner</u>
29-028-24-24-0030	3330 66 th St. W	66 West LLC

Appendix D

Estimated Cash Flow for the District

This Appendix contains detailed calculations to estimate the cash flow of incremental taxes to be collected over the life of the District.

These estimates are used to determine the revenue sources pursuant to *M.S. Section 469.175, Subd. 1*.

These calculations are estimates only. Actual increment collected may differ based on the actual market value assigned to each parcel within the District as determined by the Assessor, the annual tax rates, and changes to tax capacity rates. Please note that actual taxes levied against these parcels and collected could be higher or lower than these estimates.



66 West Housing - 2% Inflation

City of Edina

Affordable Housing - 39 units

ASSUMPTIONS AND RATES

DistrictType:	Housing	
District Name/Number:		
County District #:		
First Year Construction or Inflation on Value	2017	
Existing District - Specify No. Years Remaining		
Inflation Rate - Every Year:	2.00%	
Interest Rate:	2.00%	
Present Value Date:	1-Aug-16	
First Period Ending	1-Feb-17	
Tax Year District was Certified:	Pay 2016	
Cashflow Assumes First Tax Increment For Development:	2019	
Years of Tax Increment	26	
Assumes Last Year of Tax Increment	2044	
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	Inside(B)	
Incremental or Total Fiscal Disparities	Incremental	
Fiscal Disparities Contribution Ratio	31.9168%	Pay 2016 Prelim
Fiscal Disparities Metro-Wide Tax Rate	150.2620%	Pay 2016 Prelim
Maximum/Frozen Local Tax Rate:	111.679%	Pay 2016 Prelim
Current Local Tax Rate: (Use lesser of Current or Max.)	111.679%	Pay 2016 Prelim
State-wide Tax Rate (Comm./Ind. only used for total taxes)	49.0000%	Pay 2016 Prelim
Market Value Tax Rate (Used for total taxes)	0.06295%	Pay 2016 Prelim

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 \$106,000		0.75%
Over \$106,000		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 #	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
	2902824240030		3330 W 66th St	1,967,000	75,000	2,042,000	100%	2,042,000	Pay 2016	Rental	25,525	Aff. Rental	15,315	
				1,967,000	75,000	2,042,000		2,042,000			25,525		15,315	

Note:

1. Base values are updated based upon review of County website on 1/4/2016. SD: 280, WD 3



66 West Housing - 2% Inflation
 City of Edina
 Affordable Housing - 39 units

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 2017	Percentage Completed 2018	Percentage Completed 2019	Percentage Completed 2020	First Year Full Taxes Payable
	Apartments	90,000	90,000	39	3,510,000	Aff. Rental	26,325	675	100%	100%	100%	100%	2019
TOTAL					3,510,000		26,325						
Subtotal Residential				39	3,510,000		26,325						

Note:

1. Market values are based upon assessors estimate for the proposed development on 1/5/2016.

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	26,325	0	26,325	29,399	0	0	2,210	31,609	810.49
TOTAL	26,325	0	26,325	29,399	0	0	2,210	31,609	

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	31,609
less State-wide Taxes	0
less Fiscal Disp. Adj.	0
less Market Value Taxes	(2,210)
less Base Value Taxes	(17,104)
Annual Gross TIF	12,296



**66 West Housing - 2% Inflation
City of Edina
Affordable Housing - 39 units**

TAX INCREMENT CASH FLOW														
% 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. up to 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
							-	-	-	-	-			02/01/17
							-	-	-	-	-			08/01/17
							-	-	-	-	-			02/01/18
							-	-	-	-	-			08/01/18
							-	-	-	-	-			02/01/19
100%	26,325	(15,315)	-	11,010	111.679%	12,296	6,148	(22)	(613)	5,513	5,194	0.5	2019	08/01/19
							6,148	(22)	(613)	5,513	10,336	1	2019	02/01/20
100%	26,852	(15,315)	-	11,537	111.679%	12,884	6,442	(23)	(642)	5,777	15,671	1.5	2020	08/01/20
							6,442	(23)	(642)	5,777	20,953	2	2020	02/01/21
100%	27,389	(15,315)	-	12,074	111.679%	13,484	6,742	(24)	(672)	6,046	26,426	2.5	2021	08/01/21
							6,742	(24)	(672)	6,046	31,845	3	2021	02/01/22
100%	27,936	(15,315)	-	12,621	111.679%	14,095	7,048	(25)	(702)	6,320	37,454	3.5	2022	08/01/22
							7,048	(25)	(702)	6,320	43,007	4	2022	02/01/23
100%	28,495	(15,315)	-	13,180	111.679%	14,719	7,360	(26)	(733)	6,600	48,749	4.5	2023	08/01/23
							7,360	(26)	(733)	6,600	54,433	5	2023	02/01/24
100%	29,065	(15,315)	-	13,750	111.679%	15,356	7,678	(28)	(765)	6,885	60,305	5.5	2024	08/01/24
							7,678	(28)	(765)	6,885	66,119	6	2024	02/01/25
100%	29,646	(15,315)	-	14,331	111.679%	16,005	8,002	(29)	(797)	7,176	72,118	6.5	2025	08/01/25
							8,002	(29)	(797)	7,176	78,059	7	2025	02/01/26
100%	30,239	(15,315)	-	14,924	111.679%	16,667	8,334	(30)	(830)	7,473	84,183	7.5	2026	08/01/26
							8,334	(30)	(830)	7,473	90,247	8	2026	02/01/27
100%	30,844	(15,315)	-	15,529	111.679%	17,343	8,671	(31)	(864)	7,776	96,494	8.5	2027	08/01/27
							8,671	(31)	(864)	7,776	102,680	9	2027	02/01/28
100%	31,461	(15,315)	-	16,146	111.679%	18,031	9,016	(32)	(898)	8,085	109,047	9.5	2028	08/01/28
							9,016	(32)	(898)	8,085	115,352	10	2028	02/01/29
100%	32,090	(15,315)	-	16,775	111.679%	18,734	9,367	(34)	(933)	8,400	121,837	10.5	2029	08/01/29
							9,367	(34)	(933)	8,400	128,258	11	2029	02/01/30
100%	32,732	(15,315)	-	17,417	111.679%	19,451	9,725	(35)	(969)	8,721	134,859	11.5	2030	08/01/30
							9,725	(35)	(969)	8,721	141,394	12	2030	02/01/31
100%	33,386	(15,315)	-	18,071	111.679%	20,182	10,091	(36)	(1,005)	9,049	148,108	12.5	2031	08/01/31
							10,091	(36)	(1,005)	9,049	154,755	13	2031	02/01/32
100%	34,054	(15,315)	-	18,739	111.679%	20,928	10,464	(38)	(1,043)	9,384	161,580	13.5	2032	08/01/32
							10,464	(38)	(1,043)	9,384	168,337	14	2032	02/01/33
100%	34,735	(15,315)	-	19,420	111.679%	21,688	10,844	(39)	(1,081)	9,725	175,270	14.5	2033	08/01/33
							10,844	(39)	(1,081)	9,725	182,135	15	2033	02/01/34
100%	35,430	(15,315)	-	20,115	111.679%	22,464	11,232	(40)	(1,119)	10,073	189,175	15.5	2034	08/01/34
							11,232	(40)	(1,119)	10,073	196,145	16	2034	02/01/35
100%	36,139	(15,315)	-	20,824	111.679%	23,256	11,628	(42)	(1,159)	10,427	203,290	16.5	2035	08/01/35
							11,628	(42)	(1,159)	10,427	210,363	17	2035	02/01/36
100%	36,861	(15,315)	-	21,546	111.679%	24,063	12,031	(43)	(1,199)	10,789	217,610	17.5	2036	08/01/36
							12,031	(43)	(1,199)	10,789	224,785	18	2036	02/01/37
100%	37,599	(15,315)	-	22,284	111.679%	24,886	12,443	(45)	(1,240)	11,158	232,132	18.5	2037	08/01/37
							12,443	(45)	(1,240)	11,158	239,406	19	2037	02/01/38
100%	38,351	(15,315)	-	23,036	111.679%	25,726	12,863	(46)	(1,282)	11,535	246,851	19.5	2038	08/01/38
							12,863	(46)	(1,282)	11,535	254,222	20	2038	02/01/39
100%	39,118	(15,315)	-	23,803	111.679%	26,582	13,291	(48)	(1,324)	11,919	261,764	20.5	2039	08/01/39
							13,291	(48)	(1,324)	11,919	269,231	21	2039	02/01/40
100%	39,900	(15,315)	-	24,585	111.679%	27,456	13,728	(49)	(1,368)	12,311	276,867	21.5	2040	08/01/40
							13,728	(49)	(1,368)	12,311	284,427	22	2040	02/01/41
100%	40,698	(15,315)	-	25,383	111.679%	28,347	14,174	(51)	(1,412)	12,710	292,155	22.5	2041	08/01/41
							14,174	(51)	(1,412)	12,710	299,807	23	2041	02/01/42
100%	41,512	(15,315)	-	26,197	111.679%	29,256	14,628	(53)	(1,458)	13,118	307,626	23.5	2042	08/01/42
							14,628	(53)	(1,458)	13,118	315,368	24	2042	02/01/43
100%	42,342	(15,315)	-	27,027	111.679%	30,184	15,092	(54)	(1,504)	13,534	323,276	24.5	2043	08/01/43
							15,092	(54)	(1,504)	13,534	331,106	25	2043	02/01/44
100%	43,189	(15,315)	-	27,874	111.679%	31,129	15,565	(56)	(1,551)	13,958	339,101	25.5	2044	08/01/44
							15,565	(56)	(1,551)	13,958	347,017	26	2044	02/01/45
Total							545,213	(1,963)	(54,325)	488,925				
Estimated Present Value From 08/01/2016					Present Value Rate	2.00%	386,967	(1,393)	(38,557)	347,017				

Appendix E

Housing Qualifications for the District

INCOME RESTRICTIONS - ADJUSTED FOR FAMILY SIZE (HOUSING DISTRICT) - HENNEPIN COUNTY HENNEPIN COUNTY MEDIAN INCOME: \$85,800		
No. of Persons	50% of Median Income	60% of Median Income
1-person	\$30,350	\$36,060
2-person	\$34,350	\$41,220
3-person	\$38,650	\$46,380
4-person	\$42,900	\$51,480

Source: Department of Housing and Urban Development and Minnesota Housing Finance Agency

The two options for income limits on a standard housing district are 20% of the units at 50% of median income or 40% of the units at 60% of median income. There are no rent restrictions for a housing district.

Subject to the terms of a development agreement, at least 40% of the units within the 66 West TIF District will be occupied by person with incomes less than 60% of median income.

***PLEASE NOTE: THESE NUMBERS ARE ADJUSTED ANNUALLY. ALL INCOME FIGURES REPORTED ON THIS PAGE ARE FOR 2016.

Appendix F

Findings for the District

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for 66 West Tax Increment Financing District, as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. *Finding that 66 West Tax Increment Financing District is a housing district as defined in M.S., Section 469.174, Subd. 11.*

The 66 West TIF District consists of one parcel. The development will consist of approximately 39 units of affordable housing in the City. All or a portion of these units will receive tax increment assistance and will meet income restrictions described in *M.S. 469.1761*. At least 40 percent of the units/homes receiving assistance will have incomes at or below 60 percent of statewide median income. Appendix E of the TIF Plan contains background for the above finding.

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.*

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 development proposed in this plan is a housing district that meets the City's objectives for development and redevelopment and is intended for occupancy in part by low and moderate income persons. All of the units will be both rent and income restricted and require operating subsidy, which means that rental revenues are insufficient to make the project economically feasible without public assistance. The necessity of public assistance is true for most affordable rental housing developments in Minnesota.

Due to the high cost of building affordable new housing in the City, this project is feasible only through assistance, in part, from tax increment financing. The affordable project also requires public assistance beyond tax increment. The developer has applied for and received an allocation of federal low income tax credits from the Minnesota Housing Finance Agency (MHFA). The City's expectation of providing assistance allowed this project to score high enough in the MHFA tax credit allocation system to receive the tax credits. Therefore, the tax increment assistance is also necessary in order to leverage the federal subsidy provided by low income tax credits.

The developer has provided its project budget and financial projections (on file in City Hall) that demonstrate the need for tax increment assistance as described in this Plan.

3. *Finding that the TIF Plan for 66 West Tax Increment Financing 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 66 West Tax Increment Financing 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.*

Through the implementation of the TIF Plan, the HRA and City will provide an impetus for residential development which is desirable or necessary for meeting housing needs of people with a variety of incomes and provide housing that would otherwise not be available.