



St. Anne's Senior Housing Redevelopment Plan

**October 8, 2004; revised October 25, 2004; revised
October 28, 2004**

Prepared by the Development Finance Division
105 5th Avenue South, Minneapolis, Minnesota 55401

St. Anne's Senior Housing Redevelopment Plan

October 8, 2004; revised October 25, 2004; revised October 28, 2004

Table of Contents

Introduction

Redevelopment Plan

- I. Description of Project
 - A. Boundary of Redevelopment Project
 - B. Project Boundary Map
 - C. Objectives of the Redevelopment Plan
 - D. Types of Redevelopment Activities
- II. Land Use Plan
 - A. Land Use Map
 - B. Land Use Provisions and Requirements
 - C. Period During Which Land Use Provisions and Requirements Will Be In Effect
- III. Project Proposals
 - A. Redevelopers' Obligations
- IV. Official Action to Carry Out Redevelopment Plan
- V. Procedure for Changes in Approved Redevelopment Plan

EXHIBITS

- #1..... Boundary Map
- #2..... Land Use Map
- #3..... Citizen Participation Report
- #4..... Environmental Review
- #5..... Project Area Report and Eligibility Requirements
- #6..... Method Proposed for Financing and Preliminary Budget
- #7..... Site Plan

St. Anne's Senior Housing Redevelopment Plan

October 8, 2004; revised October 25, 2004; revised October 28, 2004

Plan Documents

Two plan documents have been prepared that are related to the proposed senior rental project that have been proposed in the Jordan neighborhood in Ward 3 of North Minneapolis. The plan documents include the St. Anne's Senior Housing Tax Increment Finance ("TIF") Plan, and the St. Anne's Senior Housing Redevelopment Plan (the "Plans").

The St. Anne's Senior Housing Redevelopment Plan establishes a new redevelopment project area, establishes objectives for redevelopment, identifies land uses for the redevelopment of the project area, and authorizes the creation of a new tax increment finance district as a tool for carrying out the redevelopment activities described therein.

The St. Anne's Senior Housing TIF Plan provides for the establishment of a new housing TIF district, authorizes public redevelopment activities, and establishes a budget for expenditures. Tax increment will be used to pay for a portion of the public redevelopment costs associated with the project.

REDEVELOPMENT PLAN

I. Description of Project

Development Proposal

St. Anne's Senior Housing is a new mixed-use development proposed on West Broadway between Queen and Russell Avenues North. Designed as senior independent living, the project provides access to support services and has built-in social and physical flexibility to accommodate an aging population.

Seventy-seven units of housing will occupy three floors above the first floor lobby and commercial space. Eighteen studio, thirty-six one- and twenty-three two-bedroom units are proposed. Fifteen units (19.4%) are targeted at households earning 30% of median income, thirty-three of the units (42.8%) are targeted at households earning 50% of median income, twenty-five units (32.4%) are targeted at households earning 60% of median income and the other four units (5.1%) are at market rate with no income restrictions. Some of the two-bedroom units are fully accessible, making it possible for people with a wide range of disabilities to be accommodated, including those with attendants; all of the units are fully adaptable for the physically handicapped if additional units are required. The first floor accommodates changing

program needs, with 6,077 square feet to be used for commercial rental, anticipated to be office and service retail space. Parking will be underground to provide security and convenience. The project is designed to support the neighborhood's pedestrian-oriented plan for development along West Broadway, while creating a secure campus for seniors. The exterior will be brick and stucco, with a wrought iron fence and gardens.

An "age-in-place" concept is incorporated into building and unit design; the number of units can increase incrementally to 90 units by non-structural conversion of two-bedroom units into efficiency units and changing usage of first floor space. Commercial space is designed to convert to kitchen/dining, staff offices and medical programming if needed in the future.

Catholic Eldercare (Eldercare), a nonprofit corporation, will provide property management and coordinate support services for residents. Eldercare has been involved in the project since the beginning, sharing its experience with senior housing, including assisted living and nursing home care. Currently, Eldercare operates a highly respected 100-bed nursing home and Minneapolis' first assisted living community. In addition, Eldercare is in the process of building 60 units of assisted living and an independent senior building in Northeast Minneapolis.

In addition to tax increment financing, St. Anne's Community Development Corporation (St. Anne's CDC) has also submitted an application for housing revenue bonds to assist in the cost of developing the site, which includes assembling 11 parcels and demolishing the existing structures.

St. Anne's CDC was formed in December 1999 to develop housing for low and moderate-income seniors in the neighborhood surrounding St. Anne's Church, located Queen Avenue North at 26th Avenue. Through the development of senior housing, St. Anne's CDC hopes to both satisfy an unmet housing need in the community and to improve the neighborhood physically.

St. Anne's CDC is a single-purpose not-for-profit organization without any full-time staff. To complete this project, the Board of Directors has engaged a development consultant, an architect, a property manager/service provider and an attorney with broad housing experience, along with a capital campaign consultant. An experienced construction management firm will supervise the design, bidding and construction process to insure maximum quality and efficiency. Financing partners include US Bank, and Doherty & Company.

A senior market study was commissioned from Maxfield Research which indicated a market demand for independent housing in North Minneapolis. To the maximum extent possible, this project has been designed in accordance with the Maxfield recommendations.

Additional strategic policy documents include the Affordable Housing Resolution 99R-312 which established the city's "Affordable Housing Initiative" directing the activity of City staff in the development of housing affordable to low income households. The City's Affordable Housing Policy states that projects that receive City financial assistance must either make at least 20% of the total project units affordable to households earning 50% of MMI or below, pay \$80,000 per affordable unit (20% of total project units) into the Affordable Housing Trust Fund, or provide the affordable units at a different, but comparable location.

Since there will be 15 units at 30% of MMI, 33 units at 50% of MMI, and 25 units at 60% of MMI for a total of 73 affordable units, the project complies with the City's Affordable Housing Policy, which requires that at least 15.4 units be affordable to low or moderate income households (i.e. 20% of 77 units).

The Minneapolis housing market experienced dramatic fluctuations in recent years¹. Owners of apartment buildings reported that average rent levels rose 42% from 1998 to 2003 – a pace that far outstripped gains in household incomes. Over the same period the vacancy rate in Minneapolis increased from 1% to 7%. It was easier in 2003 to find a vacant rental unit, but it cost much more to rent it. The cost of purchasing a house in Minneapolis has also risen significantly - between 1998 and 2003, the median sale price of a single family home increased by 97%.

Average Rent/Vacancy Rate

GVA Marquette compiles metro-wide rental market data based on a survey of rental property owners and managers. Survey participants represent approximately one quarter of Minneapolis rental units; they are self-selected and tend to own or manage larger multi-unit rental properties. Because this is a non-random sample, reported rent levels and vacancy rates will differ to some degree from the true levels reflecting the entire rental housing stock. However, the direction and general magnitude of changes in GVA Marquette-reported rents and vacancies would be expected to mirror similar trends in the overall rental market.

In GVA Marquette-sampled housing developments, the Twin Cities apartment occupancy rate showed slow, steady improvement during the second quarter. The reported vacancy rate of 7.1 % was down slightly from first quarter's 7.4%. However, it is still higher than the second quarter 2003 figure of 6.7%. The average asking rent inched up slightly from \$847 to \$850. Studies show that rent levels appreciated for all unit types in 2003. Over a five year period from 1998 to 2003, average rents increased between 31% for studio apartments and 56% for 3+ bedrooms.

The City of Minneapolis is fully developed and must use redevelopment and infill development to meet its life cycle and affordable housing needs. The 2000 Census revealed that the City had a loss of 4,060 housing units since the 1990 Census, while the population had increased by 14,235. The City has adopted an Affordable Housing

¹ State of the City Report, 2003

Policy as a part of its Housing Policy to ensure this trend does not continue. This Policy recognizes the serious shortage of affordable housing in Minneapolis and puts forth the goal to “grow the population and to have no net loss of housing across all income levels”.

A. Boundary of Redevelopment Project

Under the authority of the Housing and Redevelopment Authorities Act, approval of this Redevelopment Plan establishes a new Redevelopment Project as defined in Minnesota Statutes Section 469.002, Subdivision 14. The Project Area Report and Documentation of Eligibility is attached as Exhibit #5 to this Plan.

The St. Anne’s Senior Housing Redevelopment Project Area can be described as follows:

The proposed Redevelopment Project Area consists of eleven existing tax parcels on West Broadway between Queen and Russell Avenues. The project site is in the triangle of land bounded by West Broadway, Queen Avenue North, and 26th Avenue North. The boundary is shown on the boundary map (Exhibit #1). The tax parcels to be included in the proposed Project Area are:

Property Identification Number	Address
17-029-24-11-0175	2300 West Broadway
17-029-24-11-0219	2306 West Broadway
17-029-24-11-0178	2312 West Broadway
17-029-24-11-0179	2314 West Broadway
17-029-24-11-0180	2320 West Broadway
17-029-24-11-0181	2324 West Broadway
17-029-24-11-0182	2400 West Broadway
17-029-24-11-0174	2519 Queen Avenue N.
17-029-24-11-0173	2523 Queen Avenue N.
17-029-24-11-0172	2527 Queen Avenue N.
17-029-24-11-0171	2531 Queen Avenue N.

B. Project Boundary Map

The Project Boundary Map is included in this Redevelopment Plan as Exhibit #1.

C. Objectives of the Redevelopment Plan

The City of Minneapolis seeks to achieve the following objectives through the St. Anne’s Senior Housing Redevelopment Plan:

- Provide rental housing opportunities to fill the increasing need for senior housing as the population ages.

- Revitalization of the West Broadway/Highway 81 corridor with transit-oriented development.
- Increase the City's property tax base and maintain its population diversity.
- Provide an array of housing choices that meet the needs of current residents and attract new residents to the city with an emphasis on providing affordable housing.
- Eliminate blighting influences throughout the city.
- Support redevelopment efforts that enhance and preserve unique urban features and amenities.

D. Types of Redevelopment Activities

The objectives of the redevelopment plan will be accomplished through the following actions: site assembly and preparation, demolition, relocation, new construction, parking, project administration, public improvements and other related activities. Public purposes include the provision of affordable senior rental housing units, removal of blight or the causes of blight, including vacant, underused land, and the provision of decent, safe, and sanitary dwellings for persons of low and moderate income.

II. Land Use Plan

The parcels are currently zoned C-1, C-2 and R-1. The developer will be submitting an application to rezone the site to accommodate the proposed mixed use development.

A sidewalk easement deed will be executed along West Broadway in accordance with the West Broadway Repaving Project.

A. Land Use Map

The Land Use Map is included in this Redevelopment Plan as Exhibit # 2. The recommended land use is mixed use residential and commercial.

The development of this site is consistent with *The Minneapolis Plan* as shown on the Land Use Map and in conformance with this Redevelopment Plan.

B. Land Use Provisions and Requirements

Future land use designation will be residential. Uses shall conform to the Minneapolis Zoning Ordinance. These land use provision and building requirements shall be applied in addition to official codes, ordinances, and other legal controls in the City of Minneapolis and the State of Minnesota. Where there is a conflict between any of the existing official codes ordinances and other legal controls in the City of Minneapolis and State of Minnesota with these land use provisions and building requirements, the stricter and more limiting requirement shall apply.

C. Period During Which Land Use Provisions and Requirements Will Be In Effect

The requirements and provisions of Section II. B. of this Redevelopment Plan shall apply to all of the properties located in the Project Area except where strict compliance thereto would in the judgment of the City either not be in the best interest of the project or the City, or would not contribute to the achievement of the objectives of this Redevelopment Plan. These requirements shall remain in effect for twenty years from the date of conveyance of the disposition parcels.

III. Project Proposals

A. Redevelopers' Obligations

The general requirements to be imposed upon the redevelopers, their successors or assigns, will be established in the development agreements. The City will negotiate a development agreement with St. Anne's Community Development Corporation, a Minnesota nonprofit corporation. St. Anne's Senior Housing Project will be owned by St. Anne's A Limited Partnership, a Minnesota limited partnership. St. Anne's CDC is the General Partner, with a limited partner investor to be selected competitively.

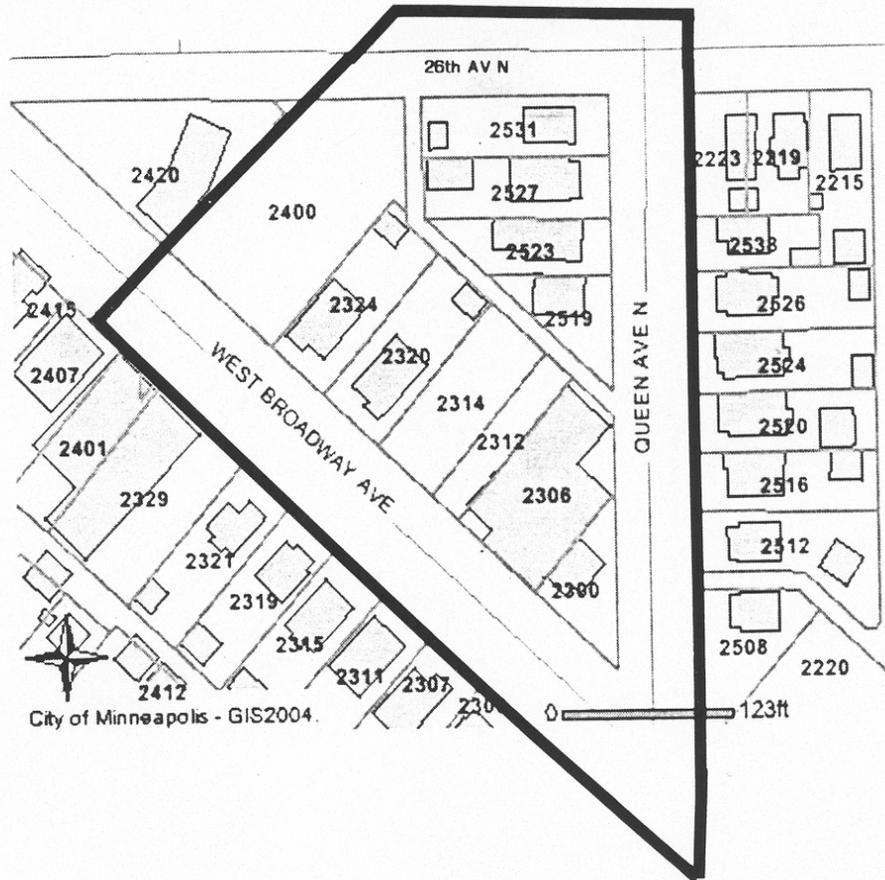
IV. Official Action to Carry Out the Redevelopment Plan

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

V. Procedure for Changes in Approved Redevelopment Plan

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

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

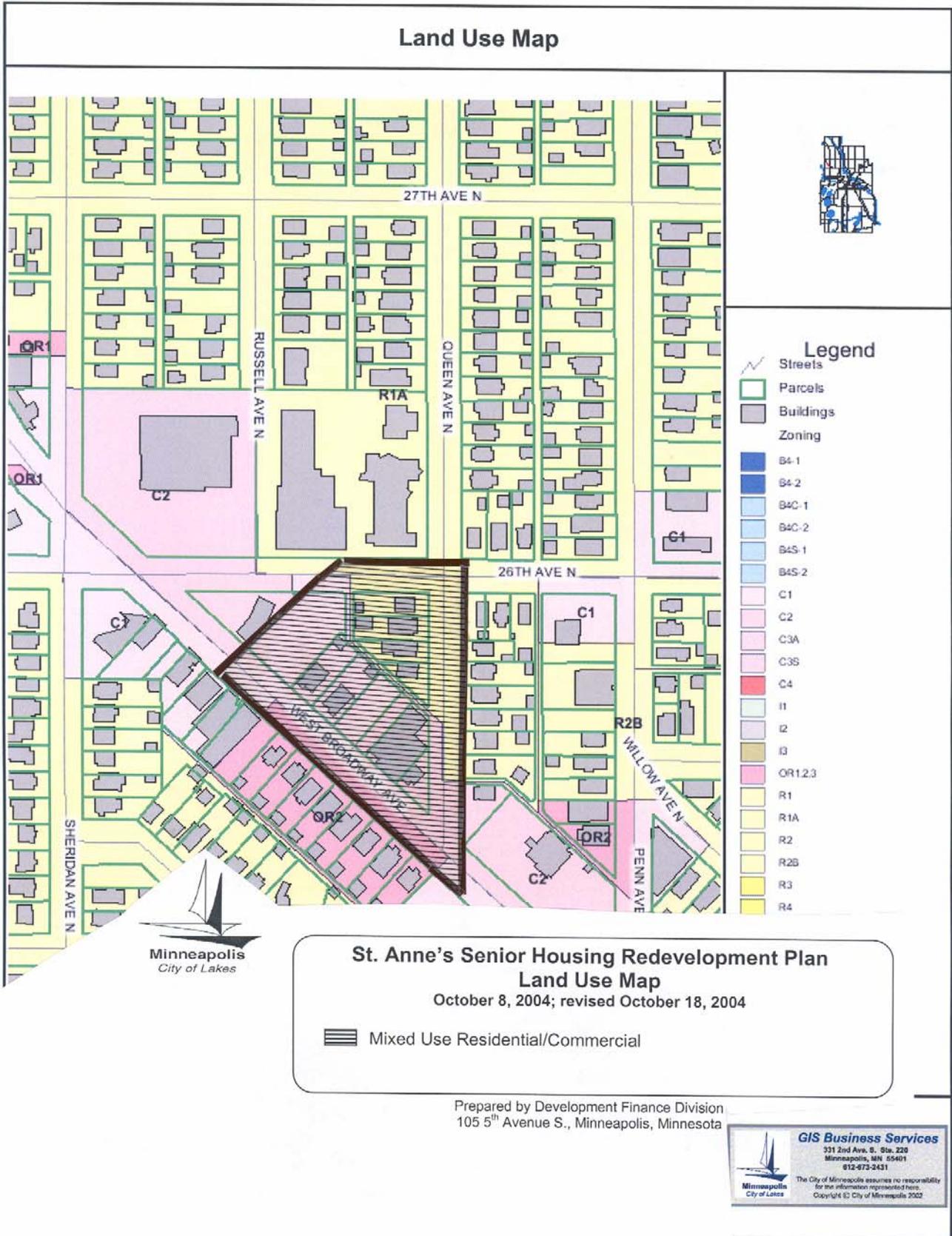


St. Anne's Senior Housing Redevelopment Plan Boundary Map

October 8, 2004; revised October 18, 2004

 Boundary

Prepared by Development Finance Division
105 5th Avenue S., Minneapolis, Minnesota



CITIZEN PARTICIPATION REPORT

**St. Anne's Senior Housing Redevelopment Plan
October 8, 2004**

The Jordan Area Community Council (JAAC) is the official neighborhood group for this project. JAAC has reviewed the St. Anne's Senior Housing project proposal and expressed its "wholehearted support" for the project in a letter to CPED dated September 1, 2003.

The St. Anne's Senior Housing Development will be a significant, positive impact along West Broadway in North Minneapolis. Population decline and negative perceptions of the area have resulted in marginal profitability for some West Broadway businesses and physical deterioration of some commercial properties. To address this and other problems, a significant revitalization effort is being spearheaded by the West Broadway Area Coalition (WBAC), a coalition of neighborhood, business and nonprofit organizations.² The WBAC is helping businesses identify approaches to deterring criminal activity, facilitating façade improvements, and marketing the strengths of West Broadway. It is also helping to identify the identity of the avenue and balance the needs of pedestrians and automobiles by exploring options for new lighting, landscaping, and other features. Reconstruction of the western portion of West Broadway is underway. *The Minneapolis Plan* supports the elements of this revitalization effort and encourages continued focus on improving transitions between commercial and residential properties increasing housing units on the avenue.

These groups will be given the opportunity to review and comment on the St. Anne's Senior Housing Redevelopment Plan and the St. Anne's Senior Housing Tax Increment Finance Plan prior to consideration of the Plans by the City Council.

The City of Minneapolis will continue to work with these groups throughout the implementation of the Redevelopment Plan.

² *The Minneapolis Plan*, Near North Land Use Features

ENVIRONMENTAL REVIEW

**St. Anne's Senior Housing Redevelopment Plan
October 8, 2004**

The City of Minneapolis will comply with all applicable local, state and federal regulations and procedures regarding the assessment of potential environmental impacts resulting from project activities.

**PROJECT AREA REPORT
AND ELIGIBILITY DOCUMENTATION**

**St. Anne's Senior Housing Redevelopment Plan
and
St. Anne's Senior Housing Tax Increment Finance Plan
October 8, 2004; revised October 25, 2004**

St. Anne's Senior Housing is a new mixed-use development proposed on West Broadway between Queen and Russell Avenues North. Designed as senior independent living, the project provides access to support services and has built-in social and physical flexibility to accommodate an aging population in need of more assisted-living type services. Seventy-seven units of housing will occupy three floors above the first floor lobby and commercial space. Eighteen studio, thirty-six one- and twenty-three two-bedroom units are proposed. Fifteen units (19.4%) are targeted at households earning 30% of median income, thirty-three of the units (42.8%) are targeted at households earning 50% of median income, twenty-five units (32.4%) are targeted at households earning 60% of median income and the other four units (5.1%) are at market rate with no income restrictions. The first floor accommodates changing program needs, with 6,077 square feet to be used for commercial rental, anticipated to be office and service retail space. Parking will be underground to provide security and convenience. The project is designed to support the neighborhood's pedestrian-oriented plan for development along West Broadway, while creating a secure campus for seniors. The exterior will be brick and stucco, with a wrought iron fence and gardens.

This Project Area Report and Documentation of Eligibility describes the conditions that qualify the St. Anne's Senior Housing site as a redevelopment project and a housing tax increment finance district.

The St. Anne's Senior Housing Redevelopment Project (the "Redevelopment Project") will be a redevelopment project as defined in the Minnesota Housing and Redevelopment Authorities Act (Minnesota Statutes, Section 469.002, Subdivision 14 and 16). According to Subdivision 14, Paragraph 1, redevelopment projects are established "for the purpose of removing, preventing, or reducing blight, blighting factors, or the causes of blight." The redevelopment project area therefore must be found to be a blighted area, which is defined in Section 469.002, Subd. 11 of the Act as:

"... any area with buildings or improvements which, by reason of dilapidation, obsolescence, overcrowding, faulty arrangement or design, lack of ventilation, light, and sanitary facilities, excessive land coverage, deleterious land use, or obsolete

layout, or any combination of these or other factors, are detrimental to the safety, health, morals, or welfare of the community.”

Area Characteristics

The St. Anne’s Senior Housing Redevelopment Project Area is located in north Minneapolis in the 3rd ward of the Jordan neighborhood. The proposed Redevelopment Project Area consists of eleven existing tax parcels on West Broadway between Queen and Russell Avenues. The project site is in the triangle of land bounded by West Broadway, Queen Avenue North, and 26th Avenue North.

Findings of Blight within the Proposed Redevelopment Project Area

The proposed project area includes eleven tax parcels, including vacated streets and alleys. CPED Construction Management Specialist Geri Meyer conducted exterior inspections of the proposed redevelopment project area. The proposed redevelopment project area consists of six single family homes, three vacant lots and two commercial structures. All structures with the exception of one single family home and one commercial property are vacant. All of the structures are poorly maintained. One of the commercial properties is operating as a vehicle repair/tire service center. The three vacant lots are located on Broadway Avenue.

EXISTING CONDITIONS

The reconnaissance and site analysis did not include an interior inspection of any of the structures; an exterior inspection revealed the following:

The majority of the buildings were built in the early 1900’s; one commercial property was built in 1955. Based on the age of all of the structures and the absence of testing, all are assumed to contain lead-based paint. All but one of the single family homes appears to be vacant. Several are open to the elements, lacking storm windows, screen inserts and/or prime doors. All have the original prime window units and doors and show no evidence of sidewall insulation. The homes do not meet the current State of Minnesota Energy Code Requirements.

The existing International Building Code requires that all buildings have damp proofing of foundation, sump pump, two means of exit from basement areas (either by an egress window, door or second stairway), fire and draft blocking, exterior thermal envelope must be sealed with ridged wind barriers, hardwired smoke alarm system, and whole house exhaust systems. All are lacking from these properties.

The commercial property is not barrier free and lacks adequate fire safety components. The two commercial buildings appear to be connected; mixed use occupancy of this type of business requires a separation of space for fires which includes self closing doors between areas. Based on the exterior condition and past permits, this property does not appear to meet this requirement.

In addition to the Uniform Building Code, the City of Minneapolis Housing Maintenance Code requires the following conditions. The items listed below are City violations per the City of Minneapolis Housing Maintenance Code:

- *based on the age of the structure, it is assumed that in the absence of lead-based paint testing, the structure is assumed to contain lead-based paint.*
- *foundation is deteriorated in need of tuckpointing, asbestos siding is broken, chipped, and missing, peeling paint on both dwelling and garage, roof in need of replacement, chimney needs tuckpointing, exterior walls are discolored and need tuckpointing.*
- *buildings have missing elbows and leaders.*
- *properties are missing several storm windows, screen inserts, and doors.*
- *properties are lacking legal handrails/guardrails.*
- *one structure is boarded, therefore, code compliance inspection required.*

Several properties lack adequate ground cover as required by City Ordinances, all properties are in poor repair, and have been poorly maintained since acquisition, creating a safety hazard.

CONCLUSION

The existing residential and commercial buildings were found to be detrimental to the "safety, health, morals, or welfare of the community", by reason of dilapidation, obsolescence, overcrowding, faulty arrangement or lack of ventilation.

The deterioration of the vacant parcels undermines the value of adjacent property. Vacant parcels may constitute a repository for debris, fire hazard, and may attract vagrants and criminal elements of the population. The vacant space is not only an uneconomic use of inner city real estate, but is considered a blighting condition.

This report does not address environmental issues (e.g. pollution, contamination, fugitive spills, asbestos, PCB containing transformers), or other unknown physical or geo-technical problems.

Tax Increment Finance District Eligibility Findings

The St. Anne's Senior Housing TIF District is to be a housing TIF District as defined in the Minnesota Statutes, Section 469.174, Subdivision 11, which states:

"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.

A district does not qualify as a housing district under this subdivision if the fair market value of the improvements which are constructed in the district for commercial uses or for uses other than low and moderate income housing consists of more than 20 percent of the total fair market value of the planned improvements in the development plan or agreement. The fair market value of the improvements may be determined using the cost of construction, capitalized income, or other appropriate method of estimating market value. Housing project means a project, or a portion of a project, that meets all of the qualifications of a housing district under this subdivision, whether or not actually established as a housing district.

There are two specific questions that must be answered in order to confirm the eligibility to establish a Housing TIF District to finance eligible public redevelopment costs of the St. Anne's Senior Housing Project.

- 1) Does the project comply with the income restrictions for rental housing projects identified in Minnesota Statutes, Section 469.1761, Subdivision 2 and 3?
- 2) Does the fair market value of the low and moderate income housing project constitute at least 80% of the total valuation of the improvements constructed in the district?

Income Restrictions^{3, 4}

Low-income housing is defined as housing affordable to families with incomes below 80 percent of the metropolitan median (MMI) family income. Moderate-income housing is defined as housing affordable to families with incomes between 80 percent and 120 percent of the metropolitan median family income.

Additionally, the proposed project must satisfy the income requirements for a Housing Tax Increment Finance District as stated in the Minnesota Tax Increment Act (Minnesota Statutes, Section 469.1761, Subdivision 3). Subdivision 3 states that rental housing must meet one of the following tests in order to qualify as a Housing Tax Increment District:

1. At least 20 percent (15.4) of the units must be occupied by individuals whose income is 50 percent or less of the Metropolitan area median gross income (33 units of 77) are available at or below 50%); or
2. At least 40 percent (31) of the units must be occupied by individuals whose income is 60 percent or less of the area median gross income (73 units are available at or below 60%, including

³ The FY2004 Median Family Income Metro Area, State of Minnesota is \$73,300 as estimated by HUD

⁴ The MMI for Tax Credit Income Limits for 2004 is \$76,400 effective date 1/28/04

33 units at or below 50% of MMI, 15 units at or below 30% of MMI, and 25 units at or below 60% of MMI); or

3. At least 50 percent (39) of the units must be occupied by individuals whose income is 80 percent or less of the area median gross income (73 units are available at or below 80% of MMI).

Affordability

The City's Affordable Housing Policy states that projects that receive City financial assistance must either make at least 20% of the total project units affordable to households earning 50% of MMI or below, pay \$80,000 per affordable unit (20% of total project units) into the Affordable Housing Trust Fund, or provide the affordable units at a different, but comparable location.

Since there will be 15 units at 30% of MMI, 33 units at 50% of MMI, and 25 units at 60% of MMI for a total of 73 affordable units, the project complies with the City's Affordable Housing Policy, which requires that at least 15 units be affordable to low or moderate income households (i.e. 20% of 77 units). **The proposed project meets all of the income requirements for a Housing TIF District.** Income guidelines will be monitored for the life of the district, as the requirements of this subdivision apply for the duration of the tax increment financing district.

Valuation Test

In addition to the rental apartment units, the project will include about 6,077 sq. ft. of commercial rental space, anticipated to be office and service retail space, on the main level. According to Minnesota Statutes, Section 469.174, Subdivision 11, in order to establish a housing TIF district, the fair market value of the low and moderate income housing project must constitute at least 80% of the total valuation of the improvements constructed in the district.

It has been calculated that the Estimated Market Value (EMV) of the completed project will be about \$5,100,000. Approximately \$4,600,000 of the valuation is attributable to the apartments, and \$500,000 is attributable to the commercial value. This means that about 9.8% of the assessed value of the complete development is attributable to the commercial value portion of the housing project.

Minneapolis Housing Policy

In 2002, modifications were made to the City's Comprehensive Plan ("The Minneapolis Plan") that strengthened its commitment to policies of housing growth and to increasing the supply of affordable housing. The principal goals of city housing policy are to improve choices, both for households with constrained choice and for households with many choices. The Zoning Code was also amended to allow developers of affordable housing to construct more housing units than would otherwise be allowed in instances where a proposed development includes affordable housing units.

"The Minneapolis Plan" includes the following policy statements:

- 4.9 Minneapolis will grow by increasing its supply of housing.
- 4.10 Minneapolis will increase its housing that is affordable to low and moderate income households.
- 4.11 Minneapolis will improve the availability of housing options for its residents.
- 4.12 Minneapolis will reasonably accommodate the housing needs of all of its citizens.
- 4.15 Minneapolis will carefully identify project sites where housing redevelopment and/or housing revitalization are the appropriate responses to neighborhood conditions and market demand.
- 4.16 Minneapolis will work closely with NRP planning and implementation to ensure that NRP plans are consistent with the City's Housing Policy.

Each of these policies is associated with a set of related implementation steps, which are accomplished through a variety of mechanisms that include regulatory requirements and enforcement, and the financial and staff resources of the City, NRP, and Empowerment Zone. These steps include:

The variety of housing types throughout the city, its communities and the metropolitan area shall be increased giving prospective buyers and renters greater choice in where they live.

- Develop/provide incentives for placing new housing on transportation corridors
- Up to 20 percent of the units in new multifamily housing developments should be affordable

Minneapolis will improve the range of housing options for those with few or constrained choices.

Another way to describe the city's policy objectives in influencing the housing market is to target the variety of residents' housing choices. The ability to provide residents from all walks of life with increased housing choices, in a variety of housing types, ages, (newly constructed and renovated older buildings) and affordability levels will hugely influence the pattern of future prosperity and vitality in the city. Tools have been developed to assist the city and its partners in implementing expanded choice in housing. These tools define terms such as affordability, medium and high density housing. They also relate the city's efforts at expanding housing choice to metropolitan initiatives, and include the Livable Communities Act guidelines, the Consolidated Plan for Housing and Community Development, tax credit programs for affordable housing developments and CPED-sponsored programs for housing redevelopment and new construction. Implementation steps include:

- Increase the variety of housing types (affordability, style, location) throughout the city, giving greater choice

- Encourage new housing production as a way to increase resident choices throughout the city.
- Promote mixed income housing development as a method of providing more choices to residents
- Promote mixed income housing as part of mixed use development so that the likelihood of affordable housing is increased

Minneapolis will both assume its appropriate responsibility for improving housing options among those with few or constrained choices, and collaborate with partners at the regional, state, federal and local level to assure that appropriate solutions are pursued throughout the region.

The “Zoning Code”

A modification to the Code provides an incentive to the development of affordable housing units, providing a 20% bonus in the number of units that can be built if at least 20% of the development’s units are affordable to low-income households.

Eligibility Findings

The proposed project qualifies as a Housing Tax Increment Financing District under Minnesota Statutes. The proposed TIF District is located within the St. Anne’s Senior Housing Redevelopment Project, in accordance with the provisions of Minnesota Statutes Sections 469.001 through 469.047.

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

Method Proposed for Financing and Preliminary Budget

St. Anne's Senior Housing Redevelopment Plan October 8, 2004; revised October 25, 2004; revised October 28, 2004

Description of Development

St. Anne's Senior Housing is a new mixed-use development proposed on West Broadway between Queen and Russell Avenues North. Designed as senior independent living, the project provides access to support services and has built-in social and physical flexibility to accommodate an aging population in need of more assisted-living type services. Total development costs for the St. Anne's Senior Housing project is currently estimated at approximately \$13.6 million. Tax increment financing assistance in an amount not to exceed \$785,000 may be provided for new housing construction. This TIF assistance will be provided to the St. Anne's CDC through the issuance of a pay-as-you-go tax increment revenue note (the "TIF Note"). The TIF Note will be issued by the City and will have a stated interest rate. Tax increment will be used for debt service on Housing Revenue Bonds which will be purchased by U.S. Bank.

As tax increment is generated by the project in future years, a portion of the tax increment collected by the City will be paid to the noteholder (twice a year) as payment of principal and interest on the TIF Note. A portion of the tax increment collected by the City may also be used for administrative purposes as allowed by Minnesota State Statutes and stated in the tax increment budget. The tax increment budget for the TIF district is shown below:

TIF District Budget St. Anne's Senior Housing TIF District

Sources	Up Front	Over Time
Developer Funds	\$785,000	---
Tax Increment	---	\$1,582,857
Other	---	0
Total Sources	\$785,000	\$1,582,857
Uses		
New housing construction	\$785,000	---
Pay-As-You-Go Note Principal	---	785,000
Pay-As-You-Go Note Interest	---	600,000
Administration (10%)	---	197,857
Total Uses	\$785,000	\$1,582,857

The figures, sources and methods of financing identified in this TIF Plan are based on the best estimates available at the time of writing. Slight changes in these figures can be expected. However, in the event that significant changes affect the structure or feasibility of this TIF Plan, or result in an increase in the public redevelopment costs or indebtedness beyond the amounts listed herein, a modification to the TIF Plan will be necessary. Such a modification would require the same approval process as the original approval of this TIF Plan. The actual public commitment to pay public redevelopment costs to be incurred within this Project Area is established in each redevelopment agreement entered into by the City and each developer, not by the TIF Plan, which establishes a permissive rather than proscriptive ceiling on public expenditures.

Sources of Revenue

St. Anne's CDC, the general partner of the St. Anne's A LLP, has submitted an application to CPED for tax-exempt housing revenue bonds as it first mortgage financing, which automatically includes 4% low income housing tax credits (LIHTC). St. Anne's CDC has preliminary approval for up to \$6,000,000 in housing revenue bonds for the St. Anne's Senior Housing project. The bonds will be placed directly with US Bank.

Tax increment generated within the TIF District will be one source of public funds used to pay a portion of the public redevelopment costs associated with the St. Anne's Senior Housing Project. St. Anne's CDC has also pledged \$2,500,000 in private funds as additional equity for the project. In addition, St. Anne's CDC has been awarded \$350,000 from the Federal Home Loan Bank, \$498,000 from the City of Minneapolis Affordable Housing Trust Fund, \$350,000 from the NRP Affordable Housing Reserve Fund and \$300,000 from Hennepin County. St. Anne's CDC has applications for the final gap funds pending with Hennepin County, the City of Minneapolis CEDF fund, and MHFA.

St. Anne's Senior Housing Site Plan

