

REDEVELOPMENT PLAN SUMMARY

<i>Project Name:</i>	Modification No. 126 to the Common Development and Redevelopment Plan and Common Tax Increment Financing Plan (the “Common Plan”) and Modification No. 1 to the Ninth Street and Hennepin Avenue Redevelopment Plan
<i>Submitted By:</i>	CPED Economic Policy & Development
<i>Contact Person:</i>	Mark Winkelhake, Director, Development Finance, (612) 673-5105
<i>Planning Staff:</i>	Beth Elliott, Principal City Planner, (612) 673-2442
<i>Ward:</i>	7
<i>Neighborhood:</i>	Downtown West

PROJECT DESCRIPTION

Modification No. 126 to the Common Development and Redevelopment Plan and Common Tax Increment Financing Plan (the “Common Plan”) and Modification No. 1 to the Ninth Street and Hennepin Avenue Redevelopment Plan (collectively, the “Modifications”) incorporate the Ninth Street and Hennepin Avenue Redevelopment Project into the Minneapolis Common Development and Redevelopment Project (the “Common Project”) and allow the use of Common Project tax increment revenue for a loan to Hennepin Theatre Trust (the “Trust”) for acquisition and renovation of the property at 900 and 906 Hennepin Avenue known as the Solera Building.

The vacant 31,000-square foot, three-story Solera Building will be renovated to provide office space for Trust staff, flexible space for theatrical and arts education uses, and space to serve Trust donors, subscribers, and Orpheum theater guests.

On August 5, 2016, the City Council authorized a \$2.8 million loan and a \$250,000 grant to the Trust for the acquisition and renovation of the Solera Building. On August 19, 2016 the Trust closed on the purchase of the Solera Building. The City loan was temporarily funded from the City’s Development Account, with permanent funding to be provided from Common Development and Redevelopment Project (“Common Project”) tax increment funds.

However, to lend money from Common Project tax increment funds, the Solera Building must be incorporated into the Common Project. The building is located within the Ninth Street and Hennepin Avenue Redevelopment Project (the “Redevelopment Project”), but the Redevelopment Project is not incorporated into the Common Project.

Modification No. 126 to the Common Plan includes the following changes:

- Incorporates the Redevelopment Project into the Common Project.
- Allows the use of Common Project tax increment revenue for a \$2.8 million loan to the Trust for acquisition and renovation of 900 and 906 Hennepin Avenue.

Modification No. 1 to the Ninth Street and Hennepin Avenue Redevelopment Plan incorporates the Redevelopment Project into the Common Project.

Please see the attached Modifications for more detail regarding the above noted items.

PLAN CONFORMANCE AND GUIDANCE

The intent of this section is to document that the approval of the Modifications conforms to City approved plans, as well as to document the guidance that City approved plans offer development in the affected redevelopment project area.

Comprehensive Plan

The proposed renovation of the Solera Building for offices, education purposes, and as gathering space for Trust donors, subscribers, and Orpheum Theatre guests is consistent with the applicable policies of *The Minneapolis Plan for Sustainable Growth*.

The site is designated as Public and Institutional. The Public and Institutional designation accommodates public and semi-public uses, including museums, hospitals, civic uses, stadiums, airport related uses, and college and university campuses.

Traditional Commercial Corridors in the city, such as Hennepin Avenue, serve as boundaries connecting a number of neighborhoods and serve as focal points for activity. Development and revitalization of these corridors helps to strengthen surrounding urban neighborhoods. Commercial Corridors can accommodate intensive commercial uses and high levels of traffic. These corridors support all types of commercial uses, with some light industrial and high density residential uses as well.

The goals of these plans are in conformance with the above noted guidance from the comprehensive plan.

Small Area Plan

There are no approved small area plans that include this site.

Zoning Ordinance

The City's zoning code regulates land use and development intensity in order to carry out the policies of the City's comprehensive plan. The zoning of the site is B4S-1 Downtown Service District. This zoning district permits a wide variety of uses, including restaurants, retail, housing, office, and theaters.

ACTION REQUESTED OF CITY PLANNING COMMISSION

CPED Economic Policy & Development has requested that the City Planning Commission comment on the Modifications' consistency with the City's comprehensive plan prior to consideration of the Modifications by the City Council on September 23, 2016.

COMMENTS AND FINDINGS

Staff finds that Modification No. 126 to the Common Development and Redevelopment Plan and Common Tax Increment Financing Plan (the "Common Plan") and Modification No. 1 to the Ninth Street and Hennepin Avenue Redevelopment Plan are consistent with *The Minneapolis Plan for Sustainable Growth*.

RECOMMENDATIONS

The Department of Community Planning and Economic Development recommends that the City Planning Commission send to the City Council the comments above and **recommend approval** of Modification No. 126 to the Common Plan and Modification No. 1 to the Ninth Street and Hennepin Avenue Redevelopment Plan.

ATTACHMENTS

1. Modification No. 126 to the Common Development and Redevelopment Plan and Common Tax Increment Financing Plan (the "Common Plan")
2. Modification No. 1 to the Ninth Street and Hennepin Avenue Redevelopment Plan

Modification No. 126 to the Common Development and Redevelopment Plan and Common Tax Increment Financing Plan

Draft for Public Review
July 29, 2016

Modification No. 126 to the Common Development and Redevelopment Plan
and Common Tax Increment Financing Plan

Table of Contents

(This Table of Contents is not part of Modification No. 126 to the Common Development and Redevelopment Plan and Common Tax Increment Financing Plan, and is only for convenience of reference.)

		<u>Impact of Mod. 126</u>
Section A. Common Development and Redevelopment Plan		
Subsection A.1.	Mission Statement	No Change
Subsection A.2.	Definitions	No Change
Subsection A.3.	Description of Public Purpose	No Change
Subsection A.4.	Objectives of Common Project	No Change
Subsection A.5.	Structuring of Common Project	No Change
Subsection A.6.	History of Establishment and Modifications of Projects and Tax Increment Financing Districts Included in Common Project Area	Changed
Subsection A.7.	Estimated Public Improvement Costs	No Change
Subsection A.8.	Boundaries of the Common Project Area	No Change
Subsection A.9.	Development Program Requirements	No Change
Subsection A.10.	Modifications to Common Development and Redevelopment Plan	No Change
Subsection A.11.	Neighborhood Revitalization Program	No Change
Section B. Common Tax Increment Financing Plan		
Subsection B.1.	Summaries of Participating Tax Increment Financing Districts	No Change
Subsection B.2.	Boundaries of Participating Tax Increment Financing Districts	No Change
Subsection B.3.	Statement of Objectives and Development Program, Including Property That May Be Acquired	Changed
Subsection B.4.	Properties to be Deleted From Participating Tax Increment Financing Districts	No Change
Subsection B.5.	Development Activity in Common Project for Which Contracts Have Been Signed and Other Specific Development Expected to Occur	Changed
Subsection B.6.	Description of Financing	Changed
Subsection B.7.	Estimated Impact on Other Taxing Jurisdictions	No Change
Subsection B.8.	Modifications to Common Tax Increment Financing Plan	No Change

Modification No. 126 to the Common Development and Redevelopment Plan
and Common Tax Increment Financing Plan

Introduction to Modification No. 126

Modification No. 126 to the Common Development and Redevelopment Plan and Common Tax Increment Financing Plan (the “Common Plan”) and Modification No. 1 to the Ninth Street and Hennepin Avenue Redevelopment Plan incorporate the Ninth Street and Hennepin Avenue Redevelopment Project into the Minneapolis Common Development and Redevelopment Project (the “Common Project”) and authorize the use of Common Project tax increment revenue for a \$2.8 million loan to Hennepin Theatre Trust to acquire and renovate the property at 900 and 906 Hennepin Avenue, known as the Solera Building.

The City loan will be temporarily funded from the Development Account. Permanent financing will be provided from Common Project tax increment funds. However, Common Project funds may only be used for redevelopment activity within areas incorporated into the Common Project. The Solera Building is located within the Ninth Street and Hennepin Avenue Redevelopment Project (the “Redevelopment Project”) but the Redevelopment Project is not incorporated into the Common Project, even though it falls within its boundary.

Modification No. 126 to the Common Plan includes the following changes:

- Incorporates the Redevelopment Project into the Common Project.
- Identifies 900 and 906 Hennepin Avenue as properties that may be acquired with Common Project funds.
- Authorizes the use of Common Project tax increment revenue for a \$2.8 million loan to Hennepin Theatre Trust for acquisition and renovation of 900 and 906 Hennepin Avenue.

By reference, Modification No. 126 to the Common Plan and Modification No. 1 to the Ninth Street and Hennepin Avenue Redevelopment Plan are Incorporated Documents to the Common Plan.

Language added to the Common Plan through Modification No. 126 appears below.

SECTION A. Common Development and Redevelopment Plan

Subsection A.1. Mission Statement (No Change)

Subsection A.2. Definitions (No Change)

Subsection A.3. Description of Public Purpose (No Change)

Subsection A.4. Objectives of Common Project (No Change)

Subsection A.5. Structuring of Common Project (No Change)

**Modification No. 126 to the Common Development and Redevelopment Plan
and Common Tax Increment Financing Plan**

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

The following language is added to Subsection A.6.:

Modification No. 126 incorporates the Ninth Street and Hennepin Avenue Redevelopment Project into the Common Project. The boundaries of the Common Project area are not changed by Modification No. 126 because the Ninth Street and Hennepin Avenue Redevelopment Project area is already located within the Common Project Area.

The Ninth Street and Hennepin Avenue Tax Increment Financing District is not incorporated into the Common Project.

Exhibit 1 shows the location of the Ninth Street and Hennepin Avenue Redevelopment Project within the existing Common Project area.

Project/District	Plan or Modification	Actual or Anticipated City Council Approval Date	Resolution Number
Ninth Street and Hennepin Avenue Redevelopment Project	Modification No. 1 to the Ninth Street and Hennepin Avenue Redevelopment Plan	September 23, 2016	2016R-xxx
Common Project	Modification No. 126 to the Common Plan	September 23, 2016	2016R-xxx

Subsection A.7. Estimated Public Improvement Costs (No Change)

Subsection A. 8. Boundaries of the Common Project Area (No Change)

Subsection A.9. Development Program Requirements (No Change)

Subsection A.10. Modifications to Common Development and Redevelopment Plan (No Change)

Subsection A.11. Neighborhood Revitalization Program (No Change)

SECTION B. Common Tax Increment Financing Plan

Subsection B.1. Summaries of Participating Tax Increment Financing Districts (No Change)

Subsection B.2. Boundaries of Participating Tax Increment Financing Districts (No Change)

Modification No. 126 to the Common Development and Redevelopment Plan
and Common Tax Increment Financing Plan

Subsection B.3. Statement of Objectives and Development Program, Including Property That May be Acquired **(Changed)**

The following language is added to Subsection B.3.:

The following properties, identified in the Ninth Street and Hennepin Avenue Redevelopment Plan as Property That May Be Acquired, are added to the Common Plan list of Property That May Be Acquired:

Property Identification No.	Property Address
27-029-24-12-0035	900 Hennepin Avenue
27-029-24-12-0036	906 Hennepin Avenue

Subsection B.4. Properties to be Deleted from Participating Tax Increment Financing Districts (No Change)

Subsection B.5. Development Activity in the Common Project for Which Contracts Have Been Signed and Other Specific Development Expected to Occur **(Changed)**

The following language is added to Subsection B.5.:

The City of Minneapolis authorizes the use of Common Project tax increment revenue to fund a loan to the Hennepin Theatre Trust for acquisition and renovation of the property at 900 and 906 Hennepin Avenue, known as the Solera Building.

The vacant 31,000-square foot, three-story building will be renovated to provide office space for Trust staff, flexible space for theatrical and arts education uses, and space to serve Trust donors, subscribers, and Orpheum theater guests.

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

The following language is added to Subsection B.6.:

It is anticipated that on September 23, 2016, the City Council will appropriate \$2.8 million within the Community Planning and Economic Development budget to provide temporary funding for a loan to Hennepin Theatre Trust for acquisition and renovation of the Solera Building. While the City's Development Account will provide a temporary source of funding, it is anticipated that tax increment revenues of the Common Project will be the final funding source for the loan.

Subsection B.7. Estimated Impact on Other Taxing Jurisdictions (No Change)

Subsection B.8. Modifications to Common Tax Increment Financing Plan (No Change)

Subsection B.9. Neighborhood Revitalization Program (No Change)

Subsection B.10. Hazardous Substance Subdistrict Plan (No Change)

Modification No. 1 to the Ninth Street and Hennepin Avenue Redevelopment Plan

Draft for Public Review
July 29, 2016

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Introduction - **Updated**

- I. Description of Project
 - A. Boundary of Redevelopment Project – **Changed**
 - B. Project Boundary Map – No Change
 - C. Objectives of Redevelopment Plan – No Change
 - D. Types of Redevelopment Activities – No Change

 - II. Land Use Plan – No Change
 - 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 – No Change
 - A. Property Acquisition Map
 - B. Property Acquisition
 - 1. List of Property That May Be Acquired
 - 2. Conditions Under Which Property May Be Acquired
 - C. Rehabilitation
 - D. Redevelopers' Obligations

 - IV. Relocation – No Change

 - V. Official Action to Carry Out the Redevelopment Plan – No Change

 - VI. Procedure for Changes in Approved Redevelopment Plan – No Change
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Introduction to Modification No. 1

Modification No. 1 to the Ninth Street and Hennepin Avenue Redevelopment Plan and Modification No. 126 to the Common Development and Redevelopment Plan and Common Tax Increment Financing Plan (the “Common Plan”) incorporate the Ninth Street and Hennepin Avenue Redevelopment Project (the “Redevelopment Project”) into the Minneapolis Common Development and Redevelopment Project (the “Common Project”).

It is anticipated that on September 23, 2016, the City Council will authorize a \$2.8 million loan to Hennepin Theatre Trust for acquisition and renovation of the Solera Building. While the City’s Development Account will provide a temporary source of funding, tax increment revenues of the Common Project are to be the final funding source for the loan.

Common Project funds may only be used for redevelopment activity within the Common Project. The Solera Building is located within the Redevelopment Project, but the Redevelopment Project is not incorporated into the Common Project, even though it is located with the Common Project boundary.

Modification No. 1 to the Ninth Street and Hennepin Avenue Redevelopment Plan incorporates the Redevelopment Project into the Common Project.

By reference, Modification No. 1 to the Ninth Street and Hennepin Avenue Redevelopment Plan and Modification No. 126 to the Common Plan are Incorporated Documents to the Common Development and Redevelopment Plan and Common Tax Increment Financing Plan.

Language added to the Ninth Street and Hennepin Avenue Redevelopment Plan by Modification No. 1 appears below.

Section I.A. Boundary of Redevelopment Project is amended by the addition of the following language:

Upon approval of Modification No. 1 to this Redevelopment Plan, the Ninth Street and Hennepin Avenue Redevelopment Project is incorporated into the Minneapolis Common Development and Redevelopment Project (the “Common Project”).