



**REGULAR HOUSING AND REDEVELOPMENT AUTHORITY MEETING  
RICHFIELD MUNICIPAL CENTER, COUNCIL CHAMBERS  
NOVEMBER 20, 2017  
7:00 PM**

Call to Order

Oath of office of Richfield Housing and Redevelopment Authority Commissioner, Erin Vrieze Daniels.

Consideration of the election of a Secretary for the Richfield Housing and Redevelopment Authority for the remainder of 2017.

Approval of the minutes of the regular Housing and Redevelopment Authority meeting of October 16, 2017.

**AGENDA APPROVAL**

1. Approval of the Agenda
2. **Consent Calendar contains several separate items which are acted upon by the HRA in one motion. Once the Consent Calendar has been approved, the individual items and recommended actions have also been approved. No further HRA action on these items is necessary. However, any HRA Commissioner may request that an item be removed from the Consent Calendar and placed on the regular agenda for HRA discussion and action. All items listed on the Consent Calendar are recommended for approval.**
  - A. Consideration of the approval of a resolution authorizing an agreement with the Greater Metropolitan Housing Corporation for the acquisition, rehabilitation, and sale of homes under the New Home Program utilizing 2017 Community Development Block Grant funds.  
Staff Report No. 45
  - B. Consideration of the approval of a resolution authorizing the use of an Affordable Housing Initiative Fund loan for the acquisition of 6521 Stevens Avenue by the West Hennepin Affordable Housing Land Trust.  
Staff Report No. 46
  - C. Consideration of the approval of a resolution accepting contributions for the 2017 Tour of Remodeled Homes.  
Staff Report No. 47
  - D. Consideration of the approval of a proposed adjustment of payment standard for the Section 8 Rent Assistance program.  
Staff Report No. 48
3. Consideration of items, if any, removed from Consent Calendar

**RESOLUTIONS**

4. Consideration of the approval of resolutions adopting a modification to the Redevelopment Plan for the Richfield Redevelopment Project Area, a modification to the Tax Increment Financing Plan for the Cedar Avenue Tax Increment Financing District, establishing Tax Increment Financing District 2017-1 (The Chamberlain) within the

Richfield Redevelopment Project Area, and adopting a Tax Increment Financing Plan therefor.

Staff Report No. 49

**PUBLIC HEARINGS**

5. Public hearing and consideration of the approval of a resolution approving the conveyance of property located along 18th Avenue between 66th and 68th Streets to Chamberlain Apartments LLC.

Staff Report No. 50

**OTHER BUSINESS**

6. Consideration of the approval of a petition requesting that the City Council consider the vacation of portions of 67th Street within the boundaries of the new Chamberlain development.

Staff Report No. 51

**HRA DISCUSSION ITEMS**

7. HRA Discussion Items

**EXECUTIVE DIRECTOR REPORT**

8. Executive Director's Report

**CLAIMS AND PAYROLLS**

9. Claims and Payrolls

10. Adjournment

**Auxiliary aids for individuals with disabilities are available upon request. Requests must be made at least 96 hours in advance to the City Clerk at 612-861-9738.**



**STAFF REPORT NO. 44**  
**HOUSING AND REDEVELOPMENT AUTHORITY**  
**MEETING**  
**11/20/2017**

REPORT PREPARED BY: Jared Voto, Executive Aide/Analyst

DEPARTMENT DIRECTOR REVIEW: Steven L. Devich, Executive Director  
11/15/2017

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director  
11/15/2017

**ITEM FOR COUNCIL CONSIDERATION:**

**Consideration of the election of a Secretary for the Richfield Housing and Redevelopment Authority for the remainder of 2017.**

**EXECUTIVE SUMMARY:**

On January 17, 2017, the Richfield Housing and Redevelopment Authority (HRA) elected its officers for 2017. Doris Rubenstein was elected Secretary. Her term on the HRA expired in October 2017, leaving a vacancy in the position of Secretary of the HRA for 2017.

The HRA bylaws provide that should the office of Secretary become vacant, the Authority shall elect a successor from its membership at the next regular meeting, and such election shall be for the unexpired term of said office.

Election of officers for 2018 will take place at the regular meeting in January.

**RECOMMENDED ACTION:**

**By Motion: Elect a Secretary for the Richfield Housing and Redevelopment Authority for the remainder of 2017.**

**BASIS OF RECOMMENDATION:**

**A. HISTORICAL CONTEXT**

- Provided in the Executive Summary.

**B. POLICIES (resolutions, ordinances, regulations, statutes, etc):**

- The HRA bylaws provide for the election of officers and filling of vacancies for the office of Chair, Vice Chair, and Secretary.

**C. CRITICAL TIMING ISSUES:**

- The HRA bylaws state if the office of Chair, Vice Chair, or Secretary become vacant, the Authority shall elect a successor from its membership at the next regular meeting.
- The next regular meeting is November 20, 2017.

**D. FINANCIAL IMPACT:**

- N/A

E. **LEGAL CONSIDERATION:**

- None

**ALTERNATIVE RECOMMENDATION(S):**

- None

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

N/A



# HOUSING AND REDEVELOPMENT AUTHORITY MEETING MINUTES

Richfield, Minnesota

Regular Meeting

October 16, 2017

**CALL TO ORDER**

The meeting was called to order by Chair Supple at 7:00 p.m.

*HRA Members Present:* Mary Supple, Chair; Pat Elliott; Michael Howard; Doris Rubenstein; and Sue Sandahl.

*Staff Present:* John Stark, Community Development Director; and Kate Aitchison, Housing Specialist.

**APPROVAL OF THE MINUTES OF THE REGULAR HRA MEETING OF SEPTEMBER 18, 2017**

M/Elliott, S/Sandahl to approve the minutes of the Regular Housing and Redevelopment Authority meeting of September 16, 2017;

Motion carried 5-0.

**Item #1      RECOGNITION OF OUTGOING COMMISSIONER DORIS RUBENSTEIN FOR 10 YEARS OF SERVICE ON THE HRA**

Commissioner Rubenstein stated that serving on the HRA has been the most satisfying committee-experience of her life. She offered her thanks to all the commissioners she has worked with. Chair Supple presented Commissioner Rubenstein with a certificate and plaque.

**Item #2      HRA APPROVAL OF THE AGENDA**

M/Elliott, S/Howard to approve the agenda.

Motion carried 5-0.

**Item #3      CONSENT CALENDAR**

Community Development Director Stark presented the consent calendar:

- A. Consideration of the approval of a contract with S.R. Stevens Excavating, Inc. for the demolition of 6839 Cedar Avenue (S.R. 40).

M/Rubenstein, S/Sandahl to approve the consent calendar.

Commissioner Rubenstein asked about the long-term plan for the property. Community Development Director Stark responded that ultimately the area will be redeveloped, but it will remain vacant until a developer is found to pursue that area.

Motion carried 5-0.

<b>Item #4</b>	<b>CONSIDERATION OF THE APPROVAL OF A RESOLUTION APPROVING A REVISED CONTRACT FOR PRIVATE DEVELOPMENT WITH INLAND DEVELOPMENT PARTNERS FOR THE CEDAR POINT SOUTH REDEVELOPMENT AREA.</b>
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Community Development Director Stark presented Staff Report 41, outlining the changes being requested to the contract for private development. Bob Cunningham of Inland Development Partners, was available to answer questions.

Commissioner Howard asked if any substantial changes were being made. Community Development Director Stark responded that one planned single-family home purchase was removed from the agreement for budgeting reasons. Chair Supple expressed her appreciation for the incorporation of affordable housing items, such as the prohibition against excluding Section 8 clientele and a 90-day notice of sale of the building. Chair Supple asked for clarification about the TIF district. Community Development Director Stark explained the nuances of this specific TIF district. Chair Supple asked for clarification on the MAC grant from 2002. Community Development Director Stark explained that clarifying language was added to the contract to meet MAC guidelines for sound attenuation. Chair Supple asked about the results of Hennepin County grants that were previously applied for earlier in the year. Community Development Director Stark answered that bids came in higher than the amount requested from Hennepin County.

M/Howard, S/Elliott, to approve a resolution authorizing a revised contract for private development with Inland Development Partners for the Cedar Point South Redevelopment Area.

Motion carried 5-0.

<b>Item #5</b>	<b>CONSIDERATION OF THE APPROVAL OF A RESOLUTION AUTHORIZING AN INTERFUND LOAN FOR LAND COSTS AND OTHER QUALIFIED COSTS IN THE PROPOSED TAX INCREMENT FINANCING DISTRICT 2017-1 HOUSING (THE CHAMBERLAIN).</b>
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Community Development Director Stark presented Staff Report 42.

Commissioner Rubenstein asked about the sunset-period of August 2026. Community Development Director Stark confirmed that she was correct.

M/Rubenstein, S/Sandahl to approve of a resolution authorizing an interfund loan for land costs and other qualified costs in the proposed tax increment financing district 2017-1 housing (the Chamberlain).

Motion carried 5-0.

Commissioner Sandahl asked about the origins of the name 'The Chamberlain'. Bob Cunningham, of Inland Development Partners, explained the meaning of the name 'The Chamberlain'. He explained that the Art Commission will be involved in the public art that will be part of the project.

<b>Item #6</b>	<b>CONSIDERATION OF THE APPROVAL OF AN ASSIGNMENT OF A HOUSING AND REDEVELOPMENT AUTHORITY FIRST TIME ADVANTAGE LOAN AT 7632 CHICAGO AVENUE TO VIKING HOME BUYERS, LLC.</b>
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Housing Specialist Kate Aitchison presented Staff Report 43.

Commissioner Sandahl expressed her support the sale and the HRA's previous experience assigning liens in similar situations.

M/Sandahl, S/Howard to approve the assignment of a Housing and Redevelopment Authority First Time Advantage Loan at 7632 Chicago Avenue to Viking Home Buyers, LLC.

Motion carried 4-0.

<b>Item #5</b>	<b>HRA DISCUSSION ITEMS</b>
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Chair Supple made note of success of the recent Renovation Celebration Home Tour, held on October 7, 2017. Housing Specialist Kate Aitchison noted that over 350 people attended and that the tour was well-received.

<b>Item #6</b>	<b>EXECUTIVE DIRECTOR REPORT</b>
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Community Development Director John Stark mentioned that he and Housing Manager, Julie Urban, are working with developers for the Cedar Point II area, and hope to have at least 1 proposal ready by the end of the year. They also hope to communicate better with neighbors as they move forward.

Commissioner Rubenstein asked if the city has any experience with the developers interested in the project. Community Development Director John Stark responded that there are some familiar names/developers interested in the site.

<b>Item #7</b>	<b>CLAIMS AND PAYROLL</b>
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M/Sandahl, S/Elliott, that the following claims and payroll be approved:

<b>U.S. BANK</b>	<b>10/16/17</b>
Section 8 Checks: 129141-129221	\$142,709.74
HRA Checks: 32249-33293	\$43,325.01
<b>TOTAL</b>	<b>\$186,034.75</b>

Motion carried 5-0.

<b>ADJOURNMENT</b>
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The meeting was adjourned by unanimous consent at 7:39 p.m.

Date Approved: November 20, 2017

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Mary B. Supple  
HRA Chair

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Kate Aitchison  
Housing Specialist

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Steve Devich  
Executive Director



**STAFF REPORT NO. 45**  
**HOUSING AND REDEVELOPMENT AUTHORITY**  
**MEETING**  
**11/20/2017**

REPORT PREPARED BY: Celeste McDermott, Housing Specialist

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director  
11/14/2017

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director  
11/15/2017

**ITEM FOR COUNCIL CONSIDERATION:**

**Consideration of the approval of a resolution authorizing an agreement with the Greater Metropolitan Housing Corporation for the acquisition, rehabilitation, and sale of homes under the New Home Program utilizing 2017 Community Development Block Grant funds.**

**EXECUTIVE SUMMARY:**

The City Council budgeted \$108,425 in 2017 Federal Fiscal Year (FFY) Community Development Block Grant (CDBG) funds for the Housing and Redevelopment Authority (HRA) to purchase, rehabilitate, and sell houses to households earning no more than 80 percent of the area median income (AMI). An Agreement with the Greater Metropolitan Housing Corporation (GMHC) would enable GMHC to purchase and rehabilitate up to two homes on behalf of the HRA using the FFY 2017 funds.

In order to ensure affordability, the CDBG funds will be used to provide development gap financing to cover the difference between the cost to acquire and rehabilitate the home and the proceeds from the sale of the house. Long-term affordability will be maintained in one of two ways:

- Sale of the property to the West Hennepin Affordable Housing Land Trust ("Homes Within Reach").
- Purchase assistance in the form of a deferred second mortgage, plus requiring a "right of first refusal" that would enable the HRA to buy back the home upon resale and sell it to another income-qualified household.

To date, one property at 7208 Penn Avenue has been identified for purchase and rehabilitation with the funds. A second property would be identified before the end of the federal fiscal year on June 30, 2018.

**RECOMMENDED ACTION:**

**By motion: Approve a resolution authorizing execution of an agreement with the Greater Metropolitan Housing Corporation for the acquisition, rehabilitation, and sale of homes utilizing 2017 Community Development Block Grant funds.**

**BASIS OF RECOMMENDATION:**

**A. HISTORICAL CONTEXT**

- On February 14, 2017 the City Council approved the use of Federal CDBG funds for the acquisition and rehabilitation of homes through the HRA's New Home Program.



- Under the New Home Program, the HRA has worked with a variety of developers over the years to either build new homes or purchase and rehabilitate existing homes and make them available to households earning no more than 80 percent of the AMI.
- On December 19, 2016, the HRA approved an Agreement with the Greater Metropolitan Housing Corporation (GMHC) to purchase and rehabilitate two homes on behalf of the HRA using FFY 2016 CDBG funds.
  - The first home, 6521 Stevens Avenue, has been rehabilitated and will be sold via the West Hennepin Affordable Housing Land Trust in mid-December.
  - The second home, 6800 Portland, has been purchased and is currently out to bid for the rehabilitation work.
- GMHC has successfully purchased and rehabilitated nine homes for the HRA through the Neighborhood Stabilization Program (NSP) and two homes with CDBG funds.

**B. POLICIES (resolutions, ordinances, regulations, statutes, etc):**

- The HRA's New Home Program serves to encourage the development of new housing opportunities for low and moderate income families through the construction of new affordable housing and/or the acquisition and extensive rehabilitation of existing single-family homes.
- Purchasing and rehabilitating homes with CDBG funds carries out the policies of the City's Comprehensive Plan, including:
  - Supporting the rehabilitation and upgrading of the existing housing stock.
  - Promoting the development, management, and maintenance of affordable housing in the City through assistance programs, alternative funding sources, and the creation of partnerships whose mission it is to promote low to moderate income housing.

**C. CRITICAL TIMING ISSUES:**

- One property has been identified for purchase and rehabilitation with FFY 2017 funds (7208 Penn Avenue). Approval of the Agreement would allow the HRA and GMHC to complete the purchase and rehabilitation of this home and spend funds by the June 30, 2018 deadline.

**D. FINANCIAL IMPACT:**

- The City Council budgeted \$195,000 in FFY 2016 and \$108,425 in FFY 2017 CDBG funds for the HRA to acquire, rehabilitate and sell homes to homebuyers earning no more than 80 percent of the area median income.
- The HRA will provide development gap financing utilizing the CDBG funds to cover the difference between the cost to acquire and rehabilitate the property and the proceeds earned from the sale of the property.
- Maximum reimbursement under this Agreement is \$108,425 for up to two homes.
- The Agreement provides for HRA staff to approve the acquisition purchase price and rehab costs prior to GMHC acquiring any property.

**E. LEGAL CONSIDERATION:**

- An Agreement was approved by the HRA on December 19, 2016, for the expenditure of FFY 2016 funds. Approval of this Agreement would authorize expenditure of FFY 2017 funds.
- The Agreement was prepared by HRA legal counsel.

**ALTERNATIVE RECOMMENDATION(S):**

- Do not approve the Agreement.

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

N/A

**ATTACHMENTS:**

Description	Type
☐ Resolution	Resolution Letter
☐ Agreement	Contract/Agreement

**RESOLUTION NO. \_\_\_\_\_**

**HOUSING AND REDEVELOPMENT AUTHORITY  
IN AND FOR THE CITY OF RICHFIELD, MINNESOTA**

**RESOLUTION APPROVING DEVELOPMENT AGREEMENT WITH GREATER METROPOLITAN  
HOUSING CORPORATION**

**WHEREAS**, the City of Richfield has entered into a Subrecipient Agreement with Hennepin County with respect to the use of CDBG funds from the Department of Housing and Urban Development (“HUD”) for federal fiscal year 2017; and

**WHEREAS**, the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the “Authority”) executed a Third Party Agreement (Urban Hennepin County 2017 Community Development Block Grant Program) effective July 1, 2017 (the “Authority Third Party Agreement”) with the City which provides the Authority the ability to administer the use of the fiscal year 2017 CDBG funds; and

**WHEREAS**, the Greater Metropolitan Housing Corporation, a Minnesota nonprofit corporation (the “Developer”), has proposed to purchase, rehabilitate, and resell two or more properties located in the City of Richfield, Minnesota (the “City”) which are eligible to be purchased, rehabilitated, and resold with CDBG funds (the “Eligible Properties”); and

**WHEREAS**, there has been presented before this Board of Commissioners of the Authority a Developer Agreement – Urban Hennepin County – 2017 Community Development Block Grant Program (the “Developer Agreement”), proposed to be entered into between the Authority and the Developer, pursuant to which the Authority will direct the Developer to purchase, rehabilitate, and resell one or more Eligible Properties using the CDBG funds; and

**WHEREAS**, the Board has reviewed the Developer Agreement and finds that the execution thereof by the Authority and the performance of the Authority’s obligations thereunder are in the best interest of the City and its residents; and

**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Commissioners of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota as follows:

1. The Developer Agreement is hereby in all respects authorized, approved, and confirmed, and the Chairperson and the Executive Directed are hereby authorized and directed to execute the Developer Agreement for and on behalf of the Authority in substantially the form now on file with the Community Development Director but with such modifications as shall be deemed necessary, desirable, or appropriate, the execution thereof to constitute conclusive evidence of their approval of any and all modifications therein.

2. The Chairperson and the Executive Director are hereby authorized to execute and deliver to the Developer any and all additional documents deemed necessary to carry out the intentions of this resolution and the Developer Agreement.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 20th day of November, 2017.

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Mary Supple, Chair

**ATTEST:**

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Doris Rubenstein, Secretary

**DEVELOPER AGREEMENT  
URBAN HENNEPIN COUNTY  
2017 COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM  
(Greater Metropolitan Housing Corporation)**

**THIS DEVELOPER AGREEMENT** (the “Agreement”), made and entered into as of this \_\_\_\_\_ of \_\_\_\_\_, 2017 (“Effective Date”), by and between the **Housing and Redevelopment Authority in and for the City of Richfield** (“Authority” or “HRA”), a body corporate and politic under the laws of the State of Minnesota, having its principal office at 6700 Portland Avenue, Richfield, Minnesota (“HRA”) and the **Greater Metropolitan Housing Corporation**, a nonprofit corporation under the laws of Minnesota, having its principal office at 15 South Fifth Street, Suite 710, Minneapolis, Minnesota 55402 (“Developer” or “GMHC”).

**RECITALS**

- A. The City of Richfield (the “City”) is a cooperating unit in the Urban Hennepin County Community Development Block Grant (CDBG) Program by virtue of a Joint Cooperation Agreement dated October 1, 2017 and executed between the Authority and Hennepin County pursuant to Minn. Stat. Section 471.59.
- B. The City executed a Subrecipient Agreement with Hennepin County (Subrecipient Agreement No. A177272), effective July 1, 2017 (the “Subrecipient Agreement”), which approved the use of \$108,425 of Federal Fiscal Year 2017 CDBG funds from the Department of Housing and Urban Development for the Acquisition/Scattered Site Homeownership project(s).
- C. The Authority executed a Third Party Agreement (Urban Hennepin County 2017 Community Development Block Grant Program) effective July 1, 2017 (the “Authority Third Party Agreement”) with the City which provides the Authority the ability to administer the use of the Fiscal Year 2017 CDBG funds.
- D. HRA desires GMHC to purchase, rehabilitate, and resell one or more properties eligible to be purchased, rehabilitated and resold with CDBG funds (the “Eligible Properties”) at the direction of HRA and GMHC has agreed to do so pursuant to the terms and conditions of this Agreement and 24 CFR 570 (the “CDBG Regulations”) and to use the CDBG funds available pursuant to the terms of the Subrecipient Agreement and Authority Third Party Agreement described above.
- E. This Agreement is intended to satisfy the requirements of 24 CFR 570.202 and the HUD Guidance so that Eligible Properties acquired by GMHC retain their eligibility for CDBG funds.

**AGREEMENT**

- 1. Scope of Work.
  - A. Developer. HRA hereby designates GMHC as a Developer to purchase,

rehabilitate, and resell Eligible Properties at the direction of HRA in accordance with the terms and conditions of this Agreement.

B. Memorandum of Understanding. GMHC shall purchase, rehabilitate and resell Eligible Properties based on the Memorandum of Understanding of the parties set forth in EXHIBIT A. The acquisition of one Eligible Property described in the Developer Pro Formas set forth in EXHIBIT B are preliminarily approved by the HRA and GMHC shall provide the documentation described in Section 8 to the HRA to obtain final approval for the acquisition of such property.

C. Criteria. The HRA and GMHC will work cooperatively to develop criteria for Eligible Properties that it would like to acquire under this Agreement. Such criteria shall include location, quality, price, and level of needed repairs.

D. Compliance with Required Programs. To the extent required by federal, state, and local law and regulation, GMHC agrees to comply with the program requirements of:

- 1) Hennepin County Affirmative Action Policy and Commissioners' Policies Against Discrimination;
- 2) Equal opportunity and discrimination provisions of 24 CFR Part 570 and all applicable State and Federal laws, rules, and regulations and as set forth in Section 3.02 of the Procedural Manual;
- 3) Section 504 of the Rehabilitation Act of 1973, as amended;
- 4) 24 CFR 570.200; and
- 5) Lead based paint notification, inspection, testing and abatement procedures established in 24 CFR Part 35 as referenced in 24 CFR 570.608, including but not limited to the Lead Disclosure Rule and HUD's Lead Safe Housing Rule as set forth in Section 3.06 of the Procedural Manual; and
- 6) Fair housing requirements of section 104(b) and section 109 of Title I of the Housing and Community Development Act of 1974, as amended, including Title VI of the Civil Rights Act of 1964, the Fair Housing Act, and other applicable fair housing laws and as set forth in Section 3.02 of the Procedural Manual.

GMHC further agrees to provide HRA with a timely certification that the program requirements listed in this Section have been met as required by law and this Agreement.

E. Reports. GMHC shall provide HRA on a monthly basis with a report of its activities.

F. Subrecipient Agreements. The terms and provisions of the Subrecipient Agreements described in Recitals B and C above are incorporated herein by reference and GMHC agrees to comply with the terms and provisions of such agreements to the extent applicable to the purchase, rehabilitation and resale of Eligible Properties.

2. Term. This Agreement is effective as of the Effective Date and until December 31, 2018.

3. Acquisition, Relocation and Displacement. GHMC shall be responsible for carrying out all acquisitions of real property necessary for implementation of this Agreement. GMHC shall conduct all such acquisitions in its name and shall hold title to all real property purchased and shall be responsible for preparation of all notices, appraisals, and documentation required in conducting acquisition under the regulations of the Uniform Relocation Assistance and Real Property Acquisition Act of 1970, as required under 49 CFR Part 24 and of the CDBG Program. GMHC shall also be responsible for providing all relocation notices, counseling, and services required by said regulations.

In addition, GMHC shall comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as required under 24 CFR 570.606(a) and HUD implementing regulations at 24 CFR Part 42; the requirements in 24 CFR 570.606(b) governing the residential anti-displacement and relocation assistance plan under section 104(d) of the Housing and Community Development Act of 1974 (the Act); the relocation requirements of 24 CFR 570.606(c) governing displacement subject to Section 104(k) of the Act; and the requirements of 24 CFR 570.606(d) governing optional relocation assistance under Section 105(a)(11) of the Act.

4. Environmental Review. Prior to a commitment of CDBG funds to purchase, rehabilitate and resell Eligible Properties, GMHC and HRA will undertake the appropriate environmental review procedures and documentation as determined, requested, or required by the County.

6. Labor Standards, Employment and Contracting. GMHC shall notify the HRA prior to initiating any rehabilitation activities, including advertising for contractual services, which will include costs likely to be subject to the provisions of Federal Labor Standards and Equal Employment Opportunity and related implementing regulations.

No CDBG funds shall be used directly or indirectly to employ, award contracts to, or otherwise engage the services of, or fund any contractor or subrecipient during any period of debarment, suspension, or placement in ineligibility status under the provisions of 24 CFR Part 24. Hennepin County must be notified prior to awarding a contract. Hennepin County shall be responsible for determining the status of the contractor under this requirement, and shall notify the HRA if the contractor is or is not prohibited from doing business with the Federal government as a result of debarment or suspension proceedings.

7. Lobbying.

A. No federal appropriated funds have been paid or will be paid, by or on behalf of GMHC, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and

the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

B. If any funds, other than federal appropriated funds, have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress, in connection with this Federal contract, grant, loan, or cooperative agreement, GMHC will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

8. Documentation. GMHC must maintain the following records and reports relating to Eligible Properties acquired pursuant to this Agreement: appraisals, environmental reports, purchase agreements, settlement statements, and deed document number/filing information per property. GMHC shall submit copies of the foregoing documentation to HRA with respect to any Eligible Property acquired pursuant to this Agreement.

9. Other Program Requirements. GMHC shall carry out the acquisition activities under this Agreement in compliance with all federal laws and regulations described in 24 CFR Part 570, subpart K, except that (i) GMHC does not assume HRA's environmental responsibilities described at 24 CFR 570.604; and (ii) GMHC does not assume HRA's responsibility for initiating the review process under the provisions of 24 CFR Part 52 (Intergovernmental Review of HUD Development Programs and Activities).

10. Suspension and Termination. If GMHC materially fails to comply with any term of this Agreement after written notice and an opportunity to cure, this Agreement may be terminated. The time period for said opportunity to cure will be dependent upon the relevant time period requirements of the applicable law, regulation, program, or otherwise.

11. Notice. All communications, notices, and demands of any kind which either party may be required or may desire to give to or serve upon the other shall be made in writing, and such notice shall be deemed sufficiently given if and when it is addressed to then other party as provided below and either (a) delivered personally, (b) deposited in the United States mail, registered or certified, with postage prepaid, (c) deposited with an overnight delivery service for next day delivery, or (d) telecopied:

To HRA: Richfield Housing and Redevelopment Authority  
Attention Mr. John Stark, AICP, Director of Community Development  
6700 Portland Avenue  
Richfield, Minnesota 55423-2599  
Fax: (612) 861-8974

To GMHC: Greater Metropolitan Housing Corporation  
Attention: Carolyn Olson  
15 South Fifth Street, Suite 710  
Minneapolis, MN 55402

12. Data Practices. GMHC agrees to abide by the provisions of the Minnesota Government Data Practices Act and all other applicable State and Federal laws, rules, and regulations relating to data privacy and confidentiality, and as any of the same may be amended.
13. Access to Records. HRA shall have the authority to review any and all procedures and all materials, notices, and documents prepared by GMHC in implementation of this Agreement.
14. Indemnification. GMHC agrees to hold harmless, indemnify and defend HRA, its elected officials, officers, agents, and employees against any and all claims, losses, or damages, including attorneys' fees, arising from, allegedly arising from, or related to, the provision of services under this Agreement by GMHC, its employees, agents, officers, or volunteer workers.
15. Independent Contractor. Nothing in this Agreement is intended, nor may be construed, to create the relationship of partners or employer/employee between the parties. GMHC, its officers, agents, employees, and volunteers are, and will remain for all purposes and services under this Agreement, independent contractors.
16. Entire Agreement. The entire agreement of the parties is contained in this document. This Agreement supersedes all previous written and oral agreements and negotiations between the parties relating to the subject matter of this Agreement except as provided in paragraph 18 of this Agreement.
17. Severability. The invalidity, illegality or enforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, all of which shall remain in full force and effect.
18. Assignment of Agreement. The parties shall not assign this Agreement without the express written consent of the other party.
19. Modification. No provision, term or clause of this Agreement shall be revised, modified, amended or waived except by an instrument in writing signed by both parties.
20. Counterparts. This Agreement may be executed in any number of counterparts and each such counterpart shall be deemed to be an original, all of which, when taken together, shall constitute one agreement.
21. Headings. The titles to the sections and headings of various paragraphs of this Agreement are placed for convenience of reference only and in case of conflict, the text of this Agreement, rather than such titles or headings shall control.
22. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of each of the parties hereto.
23. Invalidity. If for any reason any portion or paragraph of this Agreement shall be declared void and unenforceable by any court of law or equity, it shall only affect such particular portion or paragraph of this Agreement, and the balance of this Agreement shall remain in full force and



effect and shall be binding upon the parties hereto.

24. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Minnesota.

25. Obligations Limited. HRA's obligation to make payments under this Agreement is limited entirely to CDBG funds being remitted to HRA in sufficient amounts and available for the purposes for which such payments are sought. HRA shall have no obligation to make payments under this Agreement from sources other than the CDBG funds described herein.

(Signature page follows)

IN WITNESS WHEREOF, the Authority has caused this Agreement to be duly executed in its name and behalf and GHMC has caused this Agreement to be duly executed in its name and behalf as of the date first above written.

HOUSING AND REDEVELOPMENT AUTHORITY  
AND FOR THE CITY OF RICHFIELD, MINNESOTA

By \_\_\_\_\_  
Its Chairperson

By \_\_\_\_\_  
Its Executive Director

GREATER METROPOLITAN HOUSING  
CORPORATION

By \_\_\_\_\_  
Its \_\_\_\_\_

**EXHIBIT A**  
**PROCEDURES**  
**Memorandum of Understanding**

Properties, In General:

- GMHC will identify, purchase, and rehabilitate one or more Eligible Properties on the HRA's behalf for subsequent resale to households earning at or below 80% of the Area Median Income.
- The HRA reserves the right to and GMHC agrees to identify, purchase, and rehabilitate more than two Eligible Properties in the event the HRA approves additional funds for this purpose.

Identification of Eligible Property:

- GMHC and the HRA will work cooperatively to identify Eligible Properties.
- If the HRA identifies Eligible Property, the HRA (in its sole discretion) may provide GMHC with the identity of the Eligible Property.
- If GMHC identifies Eligible Property, GMHC will provide the HRA with the identity of the Eligible Property so that the HRA may decide whether the HRA will use CDBG funds to acquire said Eligible Property.

Purchase of Eligible Property:

- GMHC will only purchase an Eligible Property after receipt of the HRA's express written consent.
- HRA may express its written consent via email to GMHC at [espencer@gmhchousing.org](mailto:espencer@gmhchousing.org).
- GMHC shall be responsible for the timely completion of all CDBG required documentation.
- GMHC agrees to purchase and hold the Eligible Properties in its name unless the HRA informs GMHC that the HRA desires (in the HRA's sole discretion) to hold an Eligible Property in the name of the HRA.

Rehabilitation of Eligible Property:

- After GMHC has purchased an Eligible Property, GMHC will work with the HRA to identify necessary improvements.
- GMHC and the HRA will agree in writing to a rehabilitation plan that describes, at a minimum, expenses, improvements, and deliverable dates, prior to GMHC beginning its rehabilitation efforts at that Eligible Property.
- Upon completion of the rehabilitation of each Eligible Property to the satisfaction of the HRA, GMHC will provide the HRA with all requested information, including but not limited to receipts.
- The rehabilitation plan may be amended from time to time as needed with the prior mutual consent of the HRA and GMHC.

#### Subsequent Resale of Certain Eligible Property to End Buyer:

- After GMHC completes the rehabilitation of an Eligible Property, GMHC will market said Eligible Property and execute a purchase agreement with an end buyer whose household income is at or below 80% of Area Median Income.
- GMHC will attempt to provide long-term affordability by working with the West Hennepin Affordable Housing Land Trust (WHAHLT) to secure a buyer.
- If WHAHLT is unable to purchase the property, the property will be sold on the open market. Purchase assistance in the form of a second mortgage will be required and buyer will be required to sign a “Right of First Refusal” document, in substantially the form set forth in “Exhibit B.”

#### Reimbursement of Acquisition/Rehabilitation Costs (or Payment of the Estimated Gap)

- GMHC will use its own funds to purchase an eligible property.
- The HRA will use HRA funds to reimburse GMHC for the “Development Gap.”  
Development Gap means the estimated total development costs less the sales price of the improved property up to a maximum gap amount as shown on “Exhibit C” or other developer pro forma approved by the HRA.
- Following the acquisition of the property, GMHC may request that the HRA provide payment in the amount of the estimated Development Gap.
- Upon final sale of the property, if the cost to acquire and rehabilitate the property exceeds the amount of sales proceeds by more than the Development Gap amount paid by the HRA, the HRA will reimburse GMHC for that amount.
- If the amount of sales proceeds and the Development Gap paid by the HRA exceeds the cost to acquire and rehabilitate the property, GMHC will reimburse the HRA for that amount.
- The maximum amount of reimbursement available under this Agreement is \$108,425.

## EXHIBIT B

### RIGHT OF FIRST REFUSAL

This AGREEMENT is made as of the \_\_\_ day of \_\_\_\_\_, 20\_\_, by and between \_\_\_\_\_, a single person, (marital status) and the HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RICHFIELD, a public body corporate and politic under the laws of the State of Minnesota, whose address is 6700 Portland Avenue, Richfield, Minnesota 55423 (“Second Party”).

#### Recitals

A. Contemporaneously with the execution hereof, Second Party as the fee owner of the real estate described on Exhibit A attached hereto and incorporated herein (the “Property”), subject to matters of record, is conveying the Property to First Party.

B. First Party and Second Party desire to enter into this Agreement whereby First Party grants to Second Party the right of first refusal to purchase the Property.

NOW, THEREFORE, in consideration of the Recitals and of the sum of One Dollar (\$1.00) and other good and valuable consideration and of the obligations of First Party and Second Party as hereinafter set forth, First Party and Second Party agree as follows:

1. Incorporation of Recitals. The Recitals are incorporated into and made a part of this Agreement.

2. First Refusal Right. Second Party shall have the right to purchase the Property in accordance with the terms and conditions herein (the “First Refusal Right”);

(a) First Party shall notify Second Party of First Party's desire to sell the Property or any portion thereof (“Sale Notice”) at least thirty (30) days before: (i) listing the Property for sale; (ii) making a formal offer to sell the Property to a third party; or (iii) accepting an offer from a third party seeking to purchase the Property, or (iv) any transfer of any of the First Party's interest in the Property. The Sale Notice shall describe the Property being sold, the desired closing date and any other relevant terms (as deemed by Second Party). Within thirty (30) days after receiving the Sale Notice from First Party, Second Party may elect (by giving First Party written notice of Second Party's intent to exercise its First Refusal Right) to purchase all of the Property at the Purchase Price, as determined pursuant to the formula set forth below (the “Election”). If Second Party makes the Election, First Party shall sell the Property to Second Party for the Purchase Price on reasonably agreeable closing terms.

(b) if Second Party fails to exercise its First Refusal Right within the time period specified in the preceding paragraph, then the First Refusal Right shall

automatically become null and void. Notwithstanding the foregoing, if, for any reason, First Party fails to close on the sale of the Property within twelve (12) months of the Sale Notice, its First Refusal Right shall remain in full force and effect.

(c) if Second Party exercises its First Refusal Right, Second Party shall be responsible for, and pay the cost of, having a purchase agreement drafted for the Property.

(d) The purchase price, payable by Second Party, pursuant to its exercise of the First Refusal Right, shall be established as follows:

(1) The parties shall jointly select an appraiser to determine the purchase price, which shall be fair market value.

(2) If a single appraiser cannot be agreed upon within a ten (10) day period, then each of the parties shall promptly designate in writing delivered to the other, an appraiser who has substantial experience in real estate valuation and who is unaffiliated with and otherwise unrelated to the designating party. The two appraisers shall choose a third appraiser, similarly qualified, within fifteen (15) days after their selection. If the first two appraisers do not agree upon a third within that time period, the third shall be selected by arbitration pursuant to the rules and procedures of the American Arbitration Association then in effect. Each of the three appraisers shall provide an opinion of the fair market value of the property and the purchase price shall be the average of the two (2) which are closest to each other. Each party shall bear the cost of the appraiser selected by it and one-half of the cost of the third appraiser.

(e) The closing of the Second Party's purchase of the Property as contemplated by this section (the "Closing") shall occur within one hundred eighty (180) days after the Sale Notice is given to Second Party, unless postponed or extended in writing by the parties hereto. The Closing shall take place at a mutually acceptable time and location.

3. Notices. All documents to be delivered and all correspondence and notices to be given in connection with this Agreement shall be in writing and given by personal delivery or sent by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to First Party: [insert address and contact person]

If to Second Party: Richfield Housing and Redevelopment  
Authority  
Attn: Housing Specialist  
6700 Portland Avenue South  
Richfield, MN 55423

Each such mailed notice or communication shall be deemed to have been given to or served upon, the party to whom it is addressed on the date the same is deposited in the United States registered or certified mail, return receipt requested, postage prepaid, properly addressed in the manner above provided. Either party hereto may change such party's address for the service of notice hereunder by written notice of said change to the other party hereto, in the manner above specified ten (10) days prior to the effective date of said change.

4. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of each of the parties hereto, their respective successors and assigns.

5. Default. Should either party default in the performance of its obligations hereunder, the other party shall have and may pursue all rights and remedies available to it hereunder, at law or in equity, or otherwise, including, but not limited to, an action for damages or specific performance.

6. Time of the Essence. Time is of the essence in the performance of this Agreement.

7. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, and all of which shall constitute one and the same agreement.

8. Governing Law. This Agreement concerns real property located in the State of Minnesota and, therefore, its validity, performance, interpretation and enforcement shall be governed by Minnesota law without giving effect to the choice of laws provisions thereof.

9. Captions. The paragraph headings or captions appearing in this Agreement are for convenience only, are not a part of this Agreement, and are not to be considered in interpreting this Agreement.

10. Foreclosure or Deed in Lieu. In the event of foreclosure, or a deed in lieu of foreclosure of the First Mortgage, any provision herein or in any collateral agreement restricting the use of the Property or restricting the Borrower's ability to sell the Property, shall automatically have no further force or effect on subsequent owners or purchasers of the Property. Any person, including his successors and assigns, (other than the Borrower or related entity or person to the Borrower) receiving title to the Property through a foreclosure or deed in lieu of foreclosure of the First Mortgage shall receive title to the Property free and clear from such restriction.

IN WITNESS WHEREOF the parties have executed this Agreement as of the day and year first set forth above.

\_\_\_\_\_  
  
\_\_\_\_\_  
  
\_\_\_\_\_

STATE OF MINNESOTA    )  
  ) SS.  
COUNTY OF HENNEPIN    )

The foregoing instrument was acknowledged before me this \_\_\_day of \_\_\_\_\_,  
\_\_\_\_\_ by \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

This instrument was drafted by:  
Housing & Redevelopment Authority in and for the City of Richfield, Minnesota  
6700 Portland Avenue  
Richfield, MN 55423



**EXHIBIT C  
DEVELOPER PRO FORMA**

<b>7208 Penn Avenue</b>	
<b>Acquisition Costs</b>	
Purchase Price	\$146,500.00
Closing Costs on Acquisition	\$5,000.00
Closing Credits on Acquisition	\$0.00
<b>Total Acquisition Costs</b>	<b>\$151,500.00</b>
<b>Construction Costs</b>	
Contract Sum	\$82,325.00
Appliances	\$0.00
Light Fixtures	\$0.00
Contingency	\$5,700.00
Soft Costs (testing, survey, etc.)	
Building Plans	\$0.00
Asbestos Testing	\$650.00
Lead Assessment & Clearance	\$925.00
Radon Testing	\$350.00
Energy Audit Pre & Post	\$500.00
Well Sealing	
<b>Total Construction Costs</b>	<b>\$90,450.00</b>
<b>Holding Costs</b>	
Real Estate Taxes	\$2,240.70
Utilities	\$500.00
Insurance	\$1,500.00
Property Mgmt/Misc	\$750.00
Loan Interest (4.5%)	\$6,500.00
<b>Total Holding</b>	<b>\$11,490.70</b>
<b>Disposition Costs</b>	
Realtor Fee (5.5%)	\$11,825.00
TISH/Appraisal	\$200.00
Home Warranty	\$489.00
Closing Costs (1%)	\$2,150.00
State Deed Tax (.0034)	\$731.00
Seller-Paid Costs - 3%	\$0.00
Developer Fee - 8%	\$21,506.86
<b>Total Disposition Costs</b>	<b>\$36,901.86</b>

<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$290,342.56</b>
<b>Resale Price</b>	<b>\$215,000.00</b>
<b>Gross Profit (Loss)</b>	<b>-\$75,342.56</b>
<b>Buyer Assistance</b>	<b>\$ 6,450.00</b>
<b>Total Gap</b>	<b>-\$81,792.56</b>



**STAFF REPORT NO. 46**  
**HOUSING AND REDEVELOPMENT AUTHORITY**  
**MEETING**  
**11/20/2017**

REPORT PREPARED BY: Celeste McDermott, Housing Specialist

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director  
11/14/2017

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director  
11/15/2017

**ITEM FOR COUNCIL CONSIDERATION:**

**Consideration of the approval of a resolution authorizing the use of an Affordable Housing Initiative Fund loan for the acquisition of 6521 Stevens Avenue by the West Hennepin Affordable Housing Land Trust.**

**EXECUTIVE SUMMARY:**

The West Hennepin Affordable Housing Land Trust (WHAHLT) received an award from Hennepin County's Affordable Housing Initiative Fund (AHIF) to provide affordable housing in scattered sites across suburban Hennepin County. WHAHLT has entered into a purchase agreement with the Greater Metropolitan Housing Corporation (GMHC) to acquire the property at 6521 Stevens Avenue, utilizing \$29,000 of the allotted funding.

Hennepin County requires that a City or the Housing and Redevelopment Authority (HRA) provide a resolution authorizing the use of AHIF within its community.

By selling the new home to WHAHLT, the property will maintain long-term affordability through multiple owners who qualify by earning 80% of the area median income or less.

**RECOMMENDED ACTION:**

**By motion: Approve a resolution authorizing use of an Affordable Housing Initiative Fund loan for the acquisition of 6521 Stevens Avenue by the West Hennepin Affordable Housing Land Trust.**

**BASIS OF RECOMMENDATION:**

**A. HISTORICAL CONTEXT**

- In January 2017, GMHC purchased the vacant property at 6521 Stevens Avenue utilizing Community Development Block Grant (CDBG) funds. The home has been rehabilitated using CDBG funds and must be sold to an income-qualified buyer.
- Upon purchase of 6521 Stevens Avenue, WHAHLT will retain ownership of the land in perpetuity and sell the structure to a qualifying buyer (land trust).
- AHIF requires recipients to serve households earning less than 80 percent of the Twin Cities Area Median Income (TCAMI).

**B. POLICIES (resolutions, ordinances, regulations, statutes, etc):**

- A goal of the City’s Comprehensive Plan is to ensure sufficient diversity in the housing stock to provide for a range of household sizes, income levels and needs through the following policies:
  - Promote the development of a balanced housing stock that is available to a range of income levels.
  - Promote the development, management and maintenance of affordable housing in the City through assistance programs; alternative funding sources; and the creation of partnerships whose mission is to promote low to moderate income housing.
- The HRA has partnered with WHAHLT in the past to provide long-term affordable housing opportunities on a scattered-site basis.

**C. CRITICAL TIMING ISSUES:**

- Closing on the property is scheduled for December 12, 2017.

**D. FINANCIAL IMPACT:**

- GMHC used CDBG funds to purchase the property, which requires that the home be sold to a household earning less than 80 percent of the TCAMI.
- WHAHLT is requesting authorization to use \$29,000 of AHIF towards the acquisition of this property.

**E. LEGAL CONSIDERATION:**

- The resolution is required by Hennepin County before AHIF funds can be used.

**ALTERNATIVE RECOMMENDATION(S):**

- Do not adopt the resolution authorizing the use of AHIF funds for the acquisition of 6521 Stevens Avenue.

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

N/A

**ATTACHMENTS:**

Description	Type
□ Resolution	Resolution Letter

HRA RESOLUTION NO. \_\_\_\_\_

**RESOLUTION AUTHORIZING THE USE OF AN AFFORDABLE HOUSING INCENTIVE  
FUND LOAN FOR THE PURCHASE OF 6521 STEVENS AVENUE**

**WHEREAS**, Hennepin County Housing and Redevelopment Authority (HCHRA) in Resolution No. 6-HCHRA-0019 has approved the use of a \$29,000 Affordable Housing Incentive Fund loan for the 6521 Stevens Avenue project, contingent upon the Richfield Housing and Redevelopment Authority's consent to the HCHRA's participation in the project; and

**WHEREAS**, the 6521 Stevens Avenue project will increase/preserve the supply of affordable housing in the City of Richfield by providing one affordable single-family home; and

**WHEREAS**, the loan from the HCHRA will complete the financing required for the project to proceed.

**BE IT RESOLVED**, that the participation of the Hennepin County Housing and Redevelopment Authority in the project is hereby approved.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 20th day of November, 2017.

\_\_\_\_\_  
Mary B. Supple, Chair

**ATTEST:**

\_\_\_\_\_  
, Secretary



**STAFF REPORT NO. 47**  
**HOUSING AND REDEVELOPMENT AUTHORITY**  
**MEETING**  
**11/20/2017**

REPORT PREPARED BY: Celeste McDermott, Housing Specialist

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director  
11/14/2017

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director  
11/15/2017

**ITEM FOR COUNCIL CONSIDERATION:**

**Consideration of the approval of a resolution accepting contributions for the 2017 Tour of Remodeled Homes.**

**EXECUTIVE SUMMARY:**

The Community Development Department solicited financial sponsorship for the 2017 Renovation Celebration: Tour of Remodeled Homes in Richfield (Tour). Six sponsors donated \$200 each to sponsor the Tour. The funds were used to provide gift cards to participating homeowners and for marketing expenses. State law requires the Housing & Redevelopment Authority (HRA) to accept the funds by resolution.

**RECOMMENDED ACTION:**

**By motion: Approve a resolution allowing the acceptance of monetary support solicited for the 2017 Tour of Remodeled Homes.**

**BASIS OF RECOMMENDATION:**

**A. HISTORICAL CONTEXT**

- A tour of remodeled homes was held on October 7, 2017. Six homes were open to the public from 1:00 to 5:00 p.m. Over 400 people attended the tour to learn about the remodeling projects from the homeowners, builders, and architects. Information about HRA housing programs, and how various projects impact a home's value, was also provided.
- The Center for Energy and Environment, E.J. Hansen AIA, Mortgage Capital, Parsley Builders, Sicora Design/Build, and Steve Schneeberger of Keller Williams Realty participated in the tour and provided \$200 to be a tour sponsor. They were present at the tour and their names and logos were part of marketing materials.
- The funds were used to defray marketing expenses for the tour and to provide gift cards to the six homeowners for participating.

**B. POLICIES (resolutions, ordinances, regulations, statutes, etc):**

- The tour was part of the HRA's housing marketing plan that was adopted in 2014. The tour highlighted investment in the local housing stock and offered information on the HRA's remodeling programs.

**C. CRITICAL TIMING ISSUES:**

- A resolution accepting the donations needs to be passed before the end of the 2017 calendar year.

**D. FINANCIAL IMPACT:**

- The HRA received \$1,200 in donations towards tour expenses.
- Two lenders, three designers/builders, and one realtor donated \$200 each to sponsor the tour.

**E. LEGAL CONSIDERATION:**

- Minnesota Statute 465.03 requires that every acceptance of a grant or devise of real or personal property on terms prescribed by the donor be made by resolution.

**ALTERNATIVE RECOMMENDATION(S):**

- Direct staff to return the donations to the donors.

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

N/A

**ATTACHMENTS:**

Description	Type
☐ Resolution	Resolution Letter

**RESOLUTION NO.**

**RESOLUTION AUTHORIZING RICHFIELD COMMUNITY DEVELOPMENT  
DEPARTMENT TO ACCEPT DONATIONS FROM THE LISTED BUSINESSES FOR  
DESIGNATED USES**

**WHEREAS**, the Community Development Department received checks from the following for the 2017 Renovation Celebration: Tour of Remodeled Homes;

Center for Energy and Environment  
E.J. Hansen, AIA  
Mortgage Capital  
Parsley Builders  
Sicora Design/Build  
Steve Schneeberger, Keller Williams Realty

and,

**WHEREAS**, Minnesota Statute requires every acceptance of a grant or devise of real or personal property on terms prescribed by the donor be made by resolution; and,

**WHEREAS**, the donated funds will be used towards the designated events sponsored by the Community Development Department.

**NOW, THEREFORE, BE IT RESOLVED** that the Director of Community Development will accept and distribute the donations as specified.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 20th day of November, 2017.

\_\_\_\_\_  
Mary B. Supple, Chairperson

**ATTEST:**

\_\_\_\_\_  
, Secretary



**Checks Received  
2017**

<b>Business Name</b>	<b>Amount of Donation</b>	<b>Designation</b>
Center for Energy and Environment	\$200.00 (used for gift cards and marketing expenses)	Remodeled Home Tour
E.J. Hansen, AIA	\$200 (used for gift cards and marketing expenses)	Remodeled Home Tour
Mortgage Capital	\$200 (used for gift cards and marketing expenses)	Remodeled Home Tour
Parsley Builders	\$200 (used for gift cards and marketing expenses)	Remodeled Home Tour
Sicora Design/Build	\$200 (used for gift cards and marketing expenses)	Remodeled Home Tour
Steve Schneeberger, Keller Williams Realty	\$200 (used for gift cards and marketing expenses)	Remodeled Home Tour
<b>Total:</b>	<b>\$1,200</b>	



**STAFF REPORT NO. 48**  
**HOUSING AND REDEVELOPMENT AUTHORITY**  
**MEETING**  
**11/20/2017**

REPORT PREPARED BY: Lynnette Chambers, Multifamily Housing Coordinator

DEPARTMENT DIRECTOR REVIEW: Steven L. Devich, Executive Director  
11/15/2017

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director  
11/15/2017

**ITEM FOR COUNCIL CONSIDERATION:**

**Consideration of the approval of a proposed adjustment of payment standard for the Section 8 Rent Assistance program.**

**EXECUTIVE SUMMARY:**

The Section 8 program is administered in accordance with the Housing and Redevelopment Authority's (HRA) Administrative Plan. According to the plan and the Department of Housing and Urban Redevelopment (HUD) regulation, the voucher program provides financial assistance based on unit bedroom size. Clients pay a minimum of 30 percent of their income towards rent. On an annual basis HUD establishes a Fair Market Rent (FMR). The allowable FMR is expressed as a specific percentile point within the rent distribution of standard-quality rental housing units.

Individual HRA's are allowed to select a payment standard within 90% to 110% of HUD's FMR. The selection of the payment standard should assure that a sufficient supply of rental housing is available to program participants. The Richfield HRA conducts a rental survey on an annual basis to help in determining an appropriate payment standard. Currently, the survey results indicate that the Richfield HRA should adopt a payment standard that is 100% or more of the FMR established by HUD.

The new payment standards are effective January 1, 2018. The attached table clarifies the changes being proposed. The last adjustment made by the HRA was in December 1, 2015.

**RECOMMENDED ACTION:**

**By motion: Approve the attached adjustment of payment standard for the Section 8 Rent Assistance program.**

**BASIS OF RECOMMENDATION:**

**A. HISTORICAL CONTEXT**

- See Executive Summary.

**B. POLICIES (resolutions, ordinances, regulations, statutes, etc):**

- The HRA must approve increases in the payment standard for the Section 8 program.
- Section 8 participants will be able to choose from a larger selection of affordable housing units

and may receive some immediate rent relief on a case by case basis.

- HUD provides sufficient federal assistance to cover these adjustments in the payment standards and has approved the increase.
- Without an increase in the payment standard many Section 8 participants will be unable to find housing and keep up with changing rents.
- Potential changes in Federal law impact the financial resources available to the program if the HRA does not remain current with the FMR.

**C. CRITICAL TIMING ISSUES:**

- N/A

**D. FINANCIAL IMPACT:**

- An increase in the payment standard will decrease the rent burden for Section 8 participants.
- HUD provides sufficient funding to cover the increase.

**E. LEGAL CONSIDERATION:**

- The contract between the HRA and HUD provides for FMR adjustments in accordance with federal regulations.

**ALTERNATIVE RECOMMENDATION(S):**

- Do not change the payment standard at this time; however, HUD guidelines suggest an adjustment is needed.

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

N/A

**ATTACHMENTS:**

Description	Type
☐ Payment Standard Increase	Backup Material

## Attachment A

### Current Payment Standard

<u><b>0 BDR</b></u>	<u><b>1 BDR</b></u>	<u><b>2 BDR</b></u>	<u><b>3 BDR</b></u>	<u><b>4 BDR</b></u>	<u><b>5 BDR</b></u>
660	850	1070	1470	1725	1860

### Payment Standard Proposed – Effective January 1, 2018

<u><b>0 BDR</b></u>	<u><b>1 BDR</b></u>	<u><b>2 BDR</b></u>	<u><b>3 BDR</b></u>	<u><b>4 BDR</b></u>	<u><b>5 BDR</b></u>
710	890	1110	1500	1755	1890



**STAFF REPORT NO. 49**  
**HOUSING AND REDEVELOPMENT AUTHORITY**  
**MEETING**  
**11/20/2017**

REPORT PREPARED BY: Melissa Poehlman, Asst. Community Development Director

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director  
11/14/2017

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, City Manager  
11/15/2017

**ITEM FOR COUNCIL CONSIDERATION:**

**Consideration of the approval of resolutions adopting a modification to the Redevelopment Plan for the Richfield Redevelopment Project Area, a modification to the Tax Increment Financing Plan for the Cedar Avenue Tax Increment Financing District, establishing Tax Increment Financing District 2017-1 (The Chamberlain) within the Richfield Redevelopment Project Area, and adopting a Tax Increment Financing Plan therefor.**

**EXECUTIVE SUMMARY:**

On September 26, 2017 the Council approved plans for The Chamberlain, a multi-family housing development on the city's east side that also includes a two-block extension of Richfield Parkway. A revised Contract for Private Development (Agreement) with Chamberlain Apartments LLC (Developer) was approved by the HRA on October 16, 2017. This Agreement calls for the HRA to establish Tax Increment Financing District 2017-1 (a housing district) in order to facilitate redevelopment of the property and promote the development of affordable housing.

The development area currently sits within an existing Redevelopment Tax Increment Financing (TIF) District (the Cedar Avenue TIF District) that was established in 2005. City staff, HRA TIF analysts from Ehlers, Inc., the HRA Attorney, and the developer have concluded that a new Housing TIF District would be better suited to this development. In order to establish a new Housing TIF District for the project, the 31 parcels within the project area must be removed from the existing Cedar Avenue TIF District.

The TIF Plan estimates the generation of up to \$25,586,527 of Tax Increment (see page 2-5 of the attached TIF Plan). This money will be available to reimburse the developer for "TIF Qualified Expenses."

The Planning Commission is scheduled to consider the proposed TIF District's compliance with the Comprehensive Plan on November 27 and the City Council will hold a public hearing to consider establishment the District on November 28.

**RECOMMENDED ACTION:**

**By motion: Approve resolutions adopting a modification to the Redevelopment Plan for the Richfield Redevelopment Project Area, a modification to the Tax Increment Financing Plan for the Cedar Avenue Tax Increment Financing District, establishing Tax Increment Financing District 2017-1 (The Chamberlain) within the Richfield Redevelopment Project Area, and adopting a Tax Increment**

**Financing Plan therefor.**

**BASIS OF RECOMMENDATION:**

**A. HISTORICAL CONTEXT**

- A 1999/2000 study, commissioned by the City of Richfield and the Metropolitan Airports Commission (MAC), concluded that many of the structures in this area, including all single-family homes, were not capable of withstanding the negative impacts of low frequency noise.
- As a result of the study, this area was identified as a Redevelopment Area in 2000.
- In October 2015, the HRA entered into a preliminary agreement with Inland Development Partners to develop a multi-family housing project in this area.
- After two years of work, final development plans for The Chamberlain project and a Contract for Private Development were approved in September and October of this year.

**B. POLICIES (resolutions, ordinances, regulations, statutes, etc):**

- The HRA must take action to approve a modification to the Richfield Redevelopment Project Area Redevelopment Plan, a modification to the TIF Plan for the Cedar Avenue TIF District, and to establish the 2017-1 Tax Increment Financing District and its Plan.

**C. CRITICAL TIMING ISSUES:**

- The City Council is scheduled to hold a public hearing on the proposed modification to the Richfield Redevelopment Project Area Redevelopment Plan, a modification to the TIF Plan for the Cedar Avenue TIF District, and establishment of the 2017-1 Tax Increment Financing District and its Plan on November 28, 2017 and will be relying, in part, on the actions taken by the HRA.

**D. FINANCIAL IMPACT:**

- The approved Contract for Private Development provides the developer with 90% of the available TIF over the life of the District.
- Ten percent (10%) of the TIF will be allocated to the HRA to reimburse its administrative expenses in creating the TIF District and in complying with regular reporting requirements and other qualified administrative costs.
- Without the money available through the TIF District, this project would be unable to proceed.

**E. LEGAL CONSIDERATION:**

- HRA legal counsel has been involved in every step of this process and has reviewed the resolutions.

**ALTERNATIVE RECOMMENDATION(S):**

- Do not approve the resolution.

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

James Lehnhoff, Ehlers & Associates Julie Eddington, HRA Attorney

**ATTACHMENTS:**

Description	Type
☐ Resolution - Modifying Cedar Avenue TIF District	Resolution Letter
☐ Resolution - Establish 2017-1 TIF District	Resolution Letter
☐ Cedar Avenue - Plan Modification	Exhibit
☐ 2017-1 TIF Plan	Exhibit

RICHFIELD HOUSING AND REDEVELOPMENT AUTHORITY  
CITY OF RICHFIELD  
HENNEPIN COUNTY  
STATE OF MINNESOTA

RESOLUTION NO. \_\_\_\_\_

**RESOLUTION ADOPTING THE MODIFICATION TO THE TAX INCREMENT  
FINANCING PLAN FOR THE CEDAR AVENUE TAX INCREMENT  
FINANCING DISTRICT WITHIN THE RICHFIELD REDEVELOPMENT  
PROJECT AREA.**

WHEREAS, it has been proposed by the Board of Commissioners (the "Board") of the Richfield Housing and Redevelopment Authority (the "HRA") and the City of Richfield (the "City") that the HRA adopt the Modification to the Tax Increment Financing Plan (the "TIF Plan Modification") for the Cedar Avenue Tax Increment Financing District (the "District"), pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.001 to 469.047, and Sections 469.174 to 469.1794, inclusive, as amended (the "Act"), as well as Minnesota Laws 2005, Chapter 152, Article 2, Section 25 and Minnesota Laws 2017, First Special Session, Chapter 1, Article 6, Section 18, all as reflected in the TIF Plan Modification and presented for the Board's consideration; and

WHEREAS, the proposed TIF Plan Modification will remove 31 parcels from the District and extend the duration of the District;

WHEREAS, the HRA has investigated the facts relating to the TIF Plan Modification and has caused the TIF Plan Modification to be prepared; and

WHEREAS, the HRA has performed all actions required by law to be performed prior to the adoption of the TIF Plan Modification. The HRA has also requested the City Planning Commission to provide for review of and written comment on the TIF Plan Modification and that the Council schedule a public hearing on the TIF Plan Modification upon published notice as required by law.

NOW, THEREFORE, BE IT RESOLVED by the Board as follows:

1. The HRA hereby reaffirms that the District as modified herein is in the public interest and is a "redevelopment district" under Minnesota Statutes, Section 469.174, subd. 10 and finds that the TIF Plan Modification conforms in all respects to the requirements of the Act and will help fulfill a need to develop an area of the State of Minnesota which is already built up and that the adoption of the proposed TIF Plan Modification will help provide employment opportunities in the State and in the preservation and enhancement of the tax base of the City and the State because it will discourage commerce and industry from moving their operations to another state or municipality and thereby serves a public purpose.

2. The HRA reaffirms the original findings that the proposed development would not occur solely through private investment within the reasonably foreseeable future, that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District as permitted by the TIF Plan Modification, that the TIF Plan Modification conforms to the general plan for the development or redevelopment of the City as a whole; and that the TIF Plan

Modification will afford maximum opportunity consistent with the sound needs of the City as a whole, for the development or redevelopment of the District by private enterprise.

3. Conditioned upon the approval thereof by the City Council following its public hearing thereon, the TIF Plan Modification, as presented to the HRA on this date, is hereby approved, established and adopted and shall be placed on file in the office of the Community Development Director.

4. Upon approval of the TIF Plan Modification by the City Council, the staff, the HRA's advisors and legal counsel are authorized and directed to proceed with the implementation of the TIF Plan Modification and for this purpose to negotiate, draft, prepare and present to this Board for its consideration all further plans, resolutions, documents and contracts necessary for this purpose. Approval of the TIF Plan Modification does not constitute approval of any project or a Development Agreement with any developer.

5. Upon approval of the TIF Plan Modification by the City Council, the Community Development Director is authorized and directed to forward a copy of the TIF Plan Modification to the Minnesota Department of Revenue and Office of the State Auditor pursuant to *Minnesota Statutes 469.175, Subd. 4a*.

6. The Community Development Director is authorized and directed to forward a copy of the TIF Plan Modification to the Hennepin County Director of Resident and Real Estate Services in accordance with Minnesota Statutes 469.177.

Approved by the Board of Commissioners of the Richfield Housing and Redevelopment Authority this 20th day of November, 2017.

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Chair

ATTEST:

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Secretary



**RICHFIELD HOUSING AND REDEVELOPMENT AUTHORITY  
CITY OF RICHFIELD  
HENNEPIN COUNTY  
STATE OF MINNESOTA**

RESOLUTION NO. \_\_\_\_\_

**RESOLUTION ADOPTING A MODIFICATION TO THE REDEVELOPMENT PLAN FOR THE RICHFIELD REDEVELOPMENT PROJECT AREA, ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 2017-1 (THE CHAMBERLAIN) THEREIN, AND ADOPTING A TAX INCREMENT FINANCING PLAN THEREFOR.**

WHEREAS, it has been proposed by the Board of Commissioners (the "Board") of the Richfield Housing and Redevelopment Authority (the "HRA") and the City of Richfield (the "City") that the HRA adopt a Modification to the Redevelopment Plan (the "Redevelopment Plan Modification") for the Richfield Redevelopment Project Area (the "Project Area") and establish Tax Increment Financing District No. 2017-1 (The Chamberlain) (the "District") and adopt a Tax Increment Financing Plan (the "TIF Plan") therefor (the Redevelopment Plan Modification and the TIF Plan are referred to collectively herein as the "Plans"), all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.001 to 469.047, and Sections 469.174 to 469.1794, inclusive, as amended (the "Act"), all as reflected in the Plans and presented for the Board's consideration; and

WHEREAS, the HRA has investigated the facts relating to the Plans and has caused the Plans to be prepared; and

WHEREAS, the HRA has performed all actions required by law to be performed prior to the adoption of the Plans. The HRA has also requested the City Planning Commission to provide for review of and written comment on Plans and that the Council schedule a public hearing on the Plans upon published notice as required by law.

NOW, THEREFORE, BE IT RESOLVED by the Board as follows:

1. The HRA hereby finds that the District is in the public interest and is a "housing district" under Minnesota Statutes, Section 469.174, Subd. 11, and finds that the adoption of the proposed Plans conform in all respects to the requirements of the Act, will help fulfill a need to develop an area of the State of Minnesota for affordable and high quality housing, assist in the enhancement of the tax base of the City and the State, thereby serving a public purpose.
2. The HRA further finds that the Plans will afford maximum opportunity, consistent with the sound needs for the City as a whole, for the development or redevelopment of the Project Area by private enterprise in that the intent is to provide only that public assistance necessary to make the private developments financially feasible.
3. The boundaries of the Project Area are not being expanded.
4. The reasons and facts supporting the findings in this resolution are described in the Plans.
5. The HRA elects to calculate fiscal disparities for the District in accordance with Minnesota Statutes, Section 469.177, Subd. 3, clause b, which means the fiscal disparities contribution would be taken from inside the District. 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.

6. Conditioned upon the approval thereof by the City Council following its public hearing thereon, the Plans, as presented to the HRA on this date, are hereby approved, established and adopted and shall be placed on file in the office of the Executive Director of the HRA.
7. Upon approval of the Plans by the City Council, the staff, the HRA's advisors and legal counsel are authorized and directed to proceed with the implementation of the Plans and for this purpose to negotiate, draft, prepare and present to this Board for its consideration all further plans, resolutions, documents and contracts necessary for this purpose. Approval of the Plans does not constitute approval of any project or a Development Agreement with any developer.
8. Upon approval of the Plans by the City Council, the Executive Director of the HRA is authorized and directed to forward a copy of the Plans to the Minnesota Department of Revenue and the Office of the State Auditor pursuant to Minnesota Statutes 469.175, Subd. 4a.
9. The Executive Director of the HRA is authorized and directed to forward a copy of the Plans to the Hennepin County Auditor and request that the Auditor certify the original tax capacity of the District as described in the Plans, all in accordance with Minnesota Statutes 469.177.

Approved by the Board on November 20, 2017.

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Chair

ATTEST:

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Secretary

*As of October 23, 2017  
Draft for HRA*

**Modification to the  
TAX INCREMENT FINANCING PLAN**

**for the**

**THE CEDAR AVENUE TAX INCREMENT FINANCING DISTRICT  
(a redevelopment district)**

**within**

**THE RICHFIELD REDEVELOPMENT PROJECT AREA**

**RICHFIELD HOUSING AND REDEVELOPMENT AUTHORITY  
CITY OF RICHFIELD  
HENNEPIN COUNTY  
STATE OF MINNESOTA**

Adopted: September 26, 2006  
Modification No. 1 Public Hearing: November 28, 2017

Prepared by: EHLERS & ASSOCIATES, INC.  
3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105  
651-697-8500 fax: 651-697-8555 [www.ehlers-inc.com](http://www.ehlers-inc.com)

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**SECTION I - TAX INCREMENT FINANCING PLAN  
FOR THE CEDAR AVENUE TAX INCREMENT FINANCING DISTRICT**

**Subsection 1-1. Foreword**

The Richfield Housing and Redevelopment Authority (the "HRA"), the City of Richfield (the "City"), staff and consultants have prepared the following information to expedite the establishment of the Cedar Avenue Tax Increment Financing District (the "District"), a redevelopment tax increment financing district, located in the Richfield Redevelopment Project Area.

**Subsection 1-2. Statutory Authority**

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. 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 469.1799, inclusive, as amended (the "Tax Increment Financing Act" or "TIF Act"), to assist in financing public costs related to this project. The HRA and City derive further statutory authority by virtue of *Laws of Minnesota 2005, Chapter 152, Article 2, Section 25*.

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Redevelopment Plan for the Richfield Redevelopment Project Area.

*(AS MODIFIED NOVEMBER 28, 2017)*

**Pursuant to *Minnesota Laws 2017, First Special Session, Chapter 1, Article 6, Section 18* (the "Special Law"), the duration of the District is being extended an additional ten years. A copy of the Special Law can be found in Appendix I.**

**Subsection 1-3. Statement of Objectives**

The District currently consists of 172 parcel(s) of land and adjacent and internal rights-of-way. The District is being created to facilitate construction of approximately 350,000 sq. ft. of retail development, 600,000 sq. ft. of office space and 600 housing units in the City of Richfield. Please see Appendix A for further project information. Contracts for this have not been entered into at the time of preparation of this TIF Plan, but development is likely to occur in 2007. This TIF Plan is expected to achieve many of the objectives outlined in the Redevelopment Plan for the Richfield 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 Richfield Redevelopment Project Area and the District.

*(AS MODIFIED NOVEMBER 28, 2017)*

**The District is being modified in order to remove 31 parcels for inclusion in Tax Increment Financing District No. 2017-1 (The Chamberlain) and to extend the duration of the District pursuant to the Special Law. Contracts for redevelopment have not been entered into at the time of preparation of this Modification, but development may occur in 2019. Please see Appendix A for further project information and background information on the District.**

#### **Subsection 1-4. Redevelopment Plan Overview**

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 1-5. 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(s) listed below. See the map in Appendix B for further information on the location of the District.

Parcel Numbers

\*See Appendix C

The HRA or City may acquire any parcel within the District including interior and adjacent street rights of way. Any properties identified for acquisition will be acquired by the HRA or City only in order to accomplish one or more of the following: storm sewer improvements; provide land for needed public streets, utilities and facilities; carry out land acquisition, site improvements, clearance and/or development to accomplish the uses and objectives set forth in this plan. The 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 1-6. Classification of the District**

The HRA and City, in determining the need to create a tax increment financing district in accordance with *Laws of Minnesota 2005, Chapter 152, Article 2, Section 25*. Specifically, the enacted language is as follows:

*Sec. 25. [CITY OF RICHFIELD; TAX INCREMENT FINANCING DISTRICT.]*

*Subdivision 1. [AUTHORIZATION.]*

*The City of Richfield may create a tax increment financing district consisting of an area lying west of Trunk Highway 77 extending: to 16<sup>th</sup> Avenue between Crosstown Highway 62 and 66<sup>th</sup> Street; to 17<sup>th</sup> Avenue between 66<sup>th</sup> and 69<sup>th</sup> Streets; and to 18<sup>th</sup> Avenue between 69<sup>th</sup> and 72<sup>nd</sup> Streets. The City or it's Housing and Redevelopment Authority may be the authority for the purposes of Minnesota Statutes, sections 469.174 to 469.179.*

*Subd. 2. [DISTRICT IS REDEVELOPMENT DISTRICT.]*

*The redevelopment tax increment district created pursuant to subdivision 1 is deemed to be a*

*redevelopment district and is subject to Minnesota Statutes, sections 469.174 to 469.179, except that:*

*(1) expenditures for activities as defined in Minnesota Statutes, section 469.1763, subdivision 1, paragraph (b), anywhere in the district are deemed to be the costs of correcting conditions that allow the designation of redevelopment districts pursuant to Minnesota Statutes, section 469.174, subdivision 10; and*

*(2) the five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, does not apply.*

*[EFFECTIVE DATE.] This section received local approval by the City of Richfield on June 28, 2005 in compliance with Minnesota Statutes, section 645.021.*

Pursuant to *M.S., Sections 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 or 273.112 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 1-7. Duration of the District**

Pursuant to *M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1*, the duration 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). The date of receipt by the City of the first tax increment is expected to be 2008. Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2033, or when the TIF Plan is satisfied. If increment is received in 2009, the term of the District will be 2034. The HRA or City reserves the right to decertify the District prior to the legally required date.

***(AS MODIFIED NOVEMBER 28, 2017)***

**Pursuant to *M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1*, the duration 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 City (a total of 26 years of tax increment). Pursuant to the Special Law, the duration of District is being extended an addition ten years (for a total of 36 years of increment). The date of receipt by the City of the first increment was in 2008. Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after December 31, 2043, or when the TIF Plan is satisfied. The City reserves the right to decertify the District prior to the legally required date.**



**Subsection 1-8. 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 2006 for taxes payable 2007.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2008) 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 2007, assuming the request for certification is made before June 30, 2007. 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 Richfield Redevelopment Project Area, upon completion of the project, will annually approximate tax increment revenues as shown in the following table. 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 2008. The Project Tax Capacity (PTC) listed is an estimate of values when the project is completed.

**WATERSHED DISTRICT NO. 0**

<b>Project Estimated Tax Capacity upon Completion (PTC)</b>	<b>\$4,159,167</b>	
<b>Original Estimated Net Tax Capacity (ONTC)</b>	<b>\$524,969</b>	
<b>Fiscal Disparities Reduction</b>	<b>\$862,825</b>	
<b>Estimated Captured Tax Capacity (CTC)</b>	<b>\$2,771,373</b>	
<b>Original Local Tax Rate</b>	<b>1.07715</b>	Pay 2006
<b>Estimated Annual Tax Increment (CTC x Local Tax Rate)</b>	<b>\$2,985,184</b>	
<b>Percent Retained by the HRA</b>	<b>100%</b>	

**WATERSHED DISTRICT NO. 3**

<b>Project Estimated Tax Capacity upon Completion (PTC)</b>	<b>\$831,833</b>	
<b>Original Estimated Net Tax Capacity (ONTC)</b>	<b>\$143,105</b>	
<b>Fiscal Disparities Reduction</b>	<b>\$163,557</b>	
<b>Estimated Captured Tax Capacity (CTC)</b>	<b>\$525,171</b>	
<b>Original Local Tax Rate</b>	<b>1.087870</b>	Pay 2006
<b>Estimated Annual Tax Increment (CTC x Local Tax Rate)</b>	<b>\$571,318</b>	
<b>Percent Retained by the HRA</b>	<b>100%</b>	

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 has found building permits that were issued in the past 18 months prior to the public hearing. Please see Appendix H for the building permits that were issued.**

**Subsection 1-9. Sources of Revenue/Bonded Indebtedness**

Public improvement costs, acquisition, relocation, utilities, parking facilities, streets and sidewalks, and site preparation costs and other 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 use other sources of revenue legally applicable to the HRA or City and the TIF Plan, including, but not limited to, special assessments, general property taxes, state aid for road maintenance and construction, proceeds from the sale of land, other contributions from the developer and investment income, to pay for the estimated public costs.

The HRA or City reserves the right to incur bonded indebtedness or other indebtedness as a result of the TIF Plan. As presently proposed, the project will be financed by a bond issue/pay-as-you-go note/interfund loan/transfer. Additional indebtedness may be required to finance other authorized activities. The total principal amount of bonded indebtedness, including a general obligation (GO) TIF bond, or other indebtedness related to the use of tax increment financing will not exceed \$40,000,000 without a modification to the TIF Plan pursuant to applicable statutory requirements. It is estimated that \$200,000 in interfund loans will be financed with tax increment revenues. It is estimated that \$ 40,000,000 in bonded debt/loan proceeds will be financed with tax increment revenues.

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 also finance the activities to be undertaken pursuant to the TIF Plan through loans from funds of the HRA or City or to reimburse the developer on a "pay-as-you-go" basis for eligible costs paid for by a developer.

The estimated sources of funds for the District are contained in the table below.

<b>SOURCES OF FUNDS</b>	<b>TOTAL</b>
Tax Increment	\$88,000,000
<b>PROJECT REVENUES</b>	<b>\$88,000,000</b>
Interfund Loans	\$200,000
Bond Principal	\$10,000,000
TIF Note Principal	\$30,000,000

The other financing sources list above is included for purposes of OSA reporting for the TIF District. It is not intended to be cumulative. Transfers are included in case money is moved from one fund to another before an expenditure.

### **Subsection 1-10. Uses of Funds**

Currently under consideration for the District is a proposal to facilitate construction of approximately 350,000 sq. ft. of retail development, 600,000 sq. ft. of office space and 600 housing units. The HRA and City have determined that it will be necessary to provide assistance to the project for certain costs. 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 following table.

<b>USES OF FUNDS</b>	<b>TOTAL</b>
Land/Building Acquisition	\$21,940,000
Site Improvements/Preparation	\$3,640,000
Public Utilities	\$3,640,000
Public Parking Facilities	\$3,640,000
Streets and Sidewalks	\$3,640,000
Interest	\$42,700,000
Administrative Costs (up to 10%)	\$8,800,000
<b>PROJECT COSTS TOTAL</b>	<b>\$88,000,000</b>
Interfund Loans	\$200,000
Bond Principal	\$10,000,000
TIF Note Principal	\$30,000,000

The other financing uses listed above is included for purposes of OSA reporting for the TIF District. It is not intended to be cumulative. Transfers are included in case money is moved from one fund to another before an expenditure. TIF is expected to be used for the project costs listed above, which is a not-to-exceed budget

rather than an expected budget of costs.

Pursuant to *M.S., Section 469.175, Subd. 1 (5)*, it is estimated that the cost of improvements, including administrative expenses which will be paid or financed with tax increments, will equal \$88,000,000. For purposes of OSA reporting forms, it is estimated that the cost of improvements, including financing which will be paid for with tax increment will equal \$128,200,000 as is presented in the budget above.

Estimated costs associated with the District are subject to change among categories without a modification to this TIF Plan. The cost of all activities to be considered for tax increment financing will not exceed, without formal modification, the budget above pursuant to the applicable statutory requirements. Pursuant to *M.S., Section 469.1763, Subd. 2*, no more than 25 percent of the tax increment paid by property within the District will be spent on activities related to development or redevelopment outside of the District but within the boundaries of the Richfield Redevelopment Project Area, (including administrative costs, which are considered to be spent outside of the District) subject to the limitations as described in this TIF Plan.

### **Subsection 1-11. Fiscal Disparities Election**

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

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

**The HRA will choose to calculate fiscal disparities by clause b.**

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

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

## **Subsection 1-12. Business Subsidies**

Pursuant to *M.S. Sections 116J.993, Subd. 3*, the following forms of financial assistance are not considered a business subsidy:

- (1) A business subsidy of less than \$25,000;
- (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 \$75,000 or less; and
- (22) Federal loan funds provided through the United States Department of Commerce, Economic Development Administration.

The HRA will comply with *M.S., Section 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.

***(AS MODIFIED NOVEMBER 28, 2017, TO INCLUDE LANGUAGE IN CURRENT LAW)***

**Pursuant to *M.S., Section 116J.993, Subd. 3*, the following two items related to what is considered a business subsidy were increased from \$75,000 to \$150,000:**

- (1) A business subsidy of less than \$150,000;
- (21) Business loans and loan guarantees of \$150,000 or less;

In addition, an additional form of financial assistance is not considered a business subsidy:

- (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 in this Subsection.

**Subsection 1-13. 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 judgement 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.

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. 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.

**Subsection 1-14. Estimated Impact on Other Taxing Jurisdictions**

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

<b>IMPACT ON TAX BASE</b>			
	<b><u>2005/2006 Total Net Tax Capacity</u></b>	<b><u>Estimated Captured Tax Capacity (CTC) Upon Completion</u></b>	<b><u>Percent of CTC to Entity Total</u></b>
Hennepin County	1,229,390,982	3,314,080	<b>0.2696%</b>
City of Richfield	26,793,818	3,314,080	<b>12.3688%</b>
ISD No. 280	32,426,328	3,314,080	<b>10.2203%</b>

**WATERSHED DISTRICT NO. 0**

**IMPACT ON TAX RATES**

	<u>2005/2006 Extension Rates</u>	<u>Percent of Total</u>	<u>CTC</u>	<u>Potential Taxes</u>
Hennepin County	0.410160	38.08%	2,771,373	<b>1,136,706</b>
City of Richfield	0.404970	37.60%	2,771,373	<b>1,122,323</b>
ISD No. 280	0.192040	17.83%	2,771,373	<b>532,214</b>
Other	<u>0.069980</u>	<u>6.50%</u>	<u>2,771,373</u>	<u><b>193,941</b></u>
<b>Total</b>	1.077150	100.00%		<b>2,985,184</b>

**WATERSHED DISTRICT NO 3**

**IMPACT ON TAX RATES**

	<u>2005/2006 Extension Rates</u>	<u>Percent of Total</u>	<u>CTC</u>	<u>Potential Taxes</u>
Hennepin County	0.410160	37.70%	525,171	<b>215,404</b>
City of Richfield	0.404970	37.23%	525,171	<b>212,678</b>
ISD No. 280	0.192040	17.65%	525,171	<b>100,854</b>
Other	<u>0.080700</u>	<u>7.42%</u>	<u>525,171</u>	<u><b>42,381</b></u>
<b>Total</b>	1.087870	100.00%		<b>571,318</b>

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the actual 2005/Pay 2006 rate. The total net capacity for the entities listed above are based on actual Pay 2006 figures. The District will be certified under the actual 2006/Pay 2007 rates, which were unavailable at the time this TIF Plan was prepared. The cashflows assume a 1% inflation rate.

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 \$88,000,000.
- (2) Probable impact of the District on city provided services and ability to issue debt. While, an impact on the District on police protection is expected, the degree of impact is uncertain. With new residents and businesses, police calls for service may increase. New development will increase vehicular traffic and additional overall demands to the call load. Even though call demand is expected to increase, the City does not expect that the proposed development, in and of itself, will necessitate new capital investment in equipment or require the City hire additional employees.

The probable impact of the District on fire protection should be negligible. An increase in service calls can be expected due to the increase in the density of development; however, new buildings typically generate few calls, if any, because of superior construction and fire sprinklers. None of the existing buildings, which will be eliminated by the new development, have fire sprinkler systems.

The impact of the District on Parks should be insignificant. Recreational Services has two costs associated with its operations: Program Costs and Capital Costs. Program costs are funded by user

fees. If more programs are added as a result of the District, the additional programs will be entirely funded by user fees. If Capital Costs are needed for new facilities, the District and developments within would be contributors. Therefore, it is anticipated that the District will have a negligible impact on the Department's existing infrastructure.

The District should benefit public infrastructure. There should be a net reduction in miles of public streets and a corresponding reduction in public street lighting. This reduces the maintenance costs for Public Works. Land parcels for development will generally be larger than existing land parcels. While new development will be at increased densities, the number of water and sanitary sewer lines will be reduced making for lower maintenance costs for the City. Also, the proposed development densities can be accommodated with existing capacity of the water and sanitary sewer infrastructure. The new development may require additional storm water treatment but this should be funded by the developer(s).

Traffic resulting from the new development will increase over existing traffic volumes. However, both East 66<sup>th</sup> Street and the Highway 77 interchange at 66<sup>th</sup> Street have been upgraded to accommodate increased traffic volumes. The District will require a new north-south road that extends from 67<sup>th</sup> Street south to 72<sup>nd</sup> Street to serve the new development. The new road will likely be located generally between the existing 17<sup>th</sup> and 18<sup>th</sup> Avenues, and will be designed as a parkway. Financing for the new road will be folded into financing for the new private redevelopment.

The probable impact of any debt issuance within the District on the main operating fund of the city is expected to be minimal. In addition, the ability of the City to issue future debt will not be affected by the creation of this TIF District.

- (3) Estimated amount of tax increment attributable to school district levies. It is estimated that 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 \$16,459,768;
- (4) Estimated amount of tax increment attributable to county levies. It is estimated that 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 \$35,154,860;
- (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.

No requests for additional information from the county or school district regarding the proposed development for the District have been received.

### **Subsection 1-15. Supporting Documentation**

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



- Cedar Avenue Corridor Redevelopment Concept Master Plan, JLG Architects, September 2004
- Acoustical Construction - Baseline Measurements, Orfield Laboratories, Inc., December 30, 2004
- Acoustical Construction Criteria, Orfield Laboratories, Inc., January 13, 2005
- Acoustical Construction Criteria, Orfield Laboratories, Inc., May 18, 2005
- Roadway and Transit Assessment of Cedar Avenue Corridor Transit Oriented Development, WSB & Associates, Inc., January 10, 2005
- Legislative Summary 2005, John Choi, Kennedy & Graven, Chartered
- House Research Summary 2005, Joel Michael, House Research

### **Subsection 1-16. 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; and
6. The market value homestead credit paid to the Authority under *M.S., Section 273.1384*.

### **Subsection 1-17. Modifications to the District**

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

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

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

Pursuant to *M.S. Section 469.175 Subd. 4(f)*, the geographic area of the District may be reduced, but shall not be enlarged after five years following the date of certification of the original net tax capacity by the county auditor. If a redevelopment 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. 10*, paragraph (a), clauses (1) to (5), must be documented in writing and retained. The requirements of this paragraph do not apply if (1) the only modification is elimination of parcel(s) from the District and (2) (A) the current net tax capacity of the parcel(s) eliminated from the District equals or exceeds the net tax capacity of those parcel(s) in the District's original net tax capacity or (B) the HRA agrees that, notwithstanding *M.S., Section 469.177, Subd. 1*, the original net tax capacity will be reduced by no more than the current net tax capacity of the parcel(s)

eliminated from the District.

The HRA or City must notify the County Auditor of any modification that reduces or enlarges the geographic area of 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 1-18. 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 project;
3. Relocation benefits paid to or services provided for persons residing or businesses located in the project; or
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).

For districts for which the request for certification were made before August 1, 1979, or after June 30, 1982, administrative expenses also include amounts paid for services provided by bond counsel, fiscal consultants, and planning or economic development consultants. 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. 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 .36 percent) of any increment distributed to the HRA or City and the County Treasurer shall pay the amount deducted to the State Treasurer 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 1-19. 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 September, 2010 and report such actions to the County Auditor.

***(AS MODIFIED NOVEMBER 28, 2017, TO INCLUDE LANGUAGE IN CURRENT LAW)***

**In 2009 M.S., Section 469.176, Subd. 6 was amended to include Subd 6(b) which reads:**

**For districts which were certified on or after January 1, 2005, and before April 20, 2009, the four-year period under paragraph (a) is increased to six years.**

**This District was certified on May 21, 2007. Since it meets the requirement of the updated language in the law, the new date by which qualifying activities must take place on or adjacent to any parcel in the District is May 2013.**

### **Subsection 1-20. 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 Richfield Redevelopment Project Area pursuant to the 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 Richfield Redevelopment Project Area by a developer;
6. To finance or otherwise pay premiums and other costs for insurance or other security guaranteeing the payment when due of principal of and interest on bonds pursuant to the TIF Plan or pursuant to M.S., Chapter 462C. M.S., Sections 469.152 through 469.165, and/or M.S., Sections 469.178; and
7. To accumulate or maintain a reserve securing the payment when due of the principal and interest on

the tax increment bonds or bonds issued pursuant to *M.S., Chapter 462C, M.S., Sections 469.152 through 469.165*, and/or *M.S., Sections 469.178*.

These revenues shall not be used to circumvent any levy limitations applicable to the City nor for other purposes prohibited by *M.S., Section 469.176, Subd. 4*.

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

### **Subsection 1-21. 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.

The HRA or City 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 Richfield Redevelopment Project Area or the District.

### **Subsection 1-22. Requirements for Agreements with the Developer**

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

Pursuant to *M.S., Section 469.176, Subd. 5*, no more than 25 percent, by acreage, of the property to be acquired in the 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 25 percent of the acreage, the HRA or City concluded an agreement for the development or redevelopment of the property acquired and which provides recourse for the HRA or City should the development or redevelopment not be completed.

### **Subsection 1-23. 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 1-24. Administration of the District**

Administration of the District will be handled by the Community Development Director.

#### **Subsection 1-25. Annual Disclosure Requirements**

Pursuant to *M.S., Section 469.175, Subd. 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 OSA will direct the County Auditor to withhold the distribution of tax increment from the District.

#### **Subsection 1-26. Reasonable Expectations**

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

#### **Subsection 1-27. 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 Richfield Redevelopment Project Area pursuant to the *M.S., Sections 469.001 to 469.047*. Tax increments may not be used to circumvent existing levy limit law. No tax increment may be used for the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the state or federal government. This provision does not prohibit the use of revenues derived from tax increments for the construction or renovation of a parking structure.
2. Pooling Limitations. At least 75 percent of tax increments from the District must be expended on

activities in the District or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities within said district or to pay, or secure payment of, debt service on credit enhanced bonds. Not more than 25 percent of said tax increments may be expended, through a development fund or otherwise, on activities outside of the District except to pay, or secure payment of, debt service on credit enhanced bonds. For purposes of applying this restriction, all administrative expenses must be treated as if they were solely for activities outside of the District.

3. Five Year Limitation on Commitment of Tax Increments. Pursuant to *Laws of Minnesota 2005, Chapter 152, Article 2, Section 25 Subd 2*:

*(2) the five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, does not apply.*

4. Redevelopment District. Pursuant to *Laws of Minnesota 2005, Chapter 152, Article 2, Section 25 Subd 2*:

*(1) expenditures for activities as defined in Minnesota Statutes, section 469.1763, subdivision 1, paragraph (b), anywhere in the district are deemed to be the costs of correcting conditions that allow the designation of redevelopment districts pursuant to Minnesota Statutes, section 469.174, subdivision 10;*

#### **Subsection 1-28. Summary**

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

## APPENDIX A PROJECT DESCRIPTION

In 1996, the Minnesota State Legislature made a decision that the Minneapolis-St. Paul International airport (MSP) would remain and expand at its current location. Expansion included the construction of a new North/South Runway, and independent studies confirmed that the noise from this runway - believed to be the closest that any similar runway has been built to an existing residential area in the country - would be incompatible with the adjacent predominantly residential land uses. Based on decibel level studies, the City identified a redevelopment area which essentially included land bounded by Highway 62 to the north, Interstate 494 to the south, Highway 77 to the east, and 16<sup>th</sup> Avenue to the west. In 1999, a redevelopment plan was created. (See Subsection 2-15).

Since that time, additional sound studies completed in 2000 revised the noise impact area to include land bounded by Highway 62 to the north, 72<sup>nd</sup> Street to the south, Highway 77 to the east, and a jogged profile from approximately 16<sup>th</sup> Avenue at the north end of the site to 18<sup>th</sup> Avenue at the south end. (See Subsection 2-15).

Expansion work at the Minneapolis-St. Paul Airport has presented tremendous challenges and opportunities for the City of Richfield. The construction of a new north-south runway at the westernmost area of the airport site and its resulting low-frequency noise levels have made it essential for the City to revision its eastern edge. The existing land-use, essentially single family residential, is no longer an appropriate neighbor for the airport. These challenges have given rise to opportunities for development that serve the future of the City of Richfield and help to mitigate the problems caused by the airport expansion.

JLG Architects was contracted in 2004 to prepare a new land-use master plan based on these new parameters. In 2005 WSB & Associates, Inc. prepared a Roadway and Transit Assessment that suggests the overall proposed redevelopment is anticipated to consist of the following primary components:

- Approximately 350,000 square feet of new retail development
- Approximately 600,000 square feet of new office space
- Approximately 600 new housing units

After completing various financial feasibility models it was determined that Tax Increment Financing was needed to make the project feasible.

Also in 2005 the City of Richfield requested and received special Tax Increment Financing legislation for this area. (See Subsection 2-6).

*(AS MODIFIED NOVEMBER 28, 2017)*

**In 2006, the City and HRA established the Cedar Avenue TIF District as a result of decisions made by the Minnesota State Legislature to keep the MSP airport in its current location, and as an effort of the City to be proactive with its redevelopment efforts. The TIF District was established to encourage new commercial and housing development instead of capital and people moving to newer developing communities.**

**The Financial Crisis of 2007-2008 marked the start of a recession that continued into 2009. During this period and for several years following, development slowed or halted, and the type of development contemplated for the area changed.**

**The Cedar Avenue TIF District received inflationary increment in the first year starting the term of the District. Market values then declined and increment was not generated over the past eight years.**

**During this time the City and HRA considered multiple development proposals; however, for a variety of reasons, none of the projects moved forward. In 2013, the City issued General Obligation Improvement Bonds to acquire properties and construct Richfield Parkway (Series 2013A Bonds) in the north portion of the District.**

**In 2017 the City of Richfield received special legislation to extend the term of the Cedar Avenue TIF District (see Appendix I). The City and HRA have not entered into an agreement, but anticipate housing and retail development in the District. It is anticipated that development may occur in 2019.**

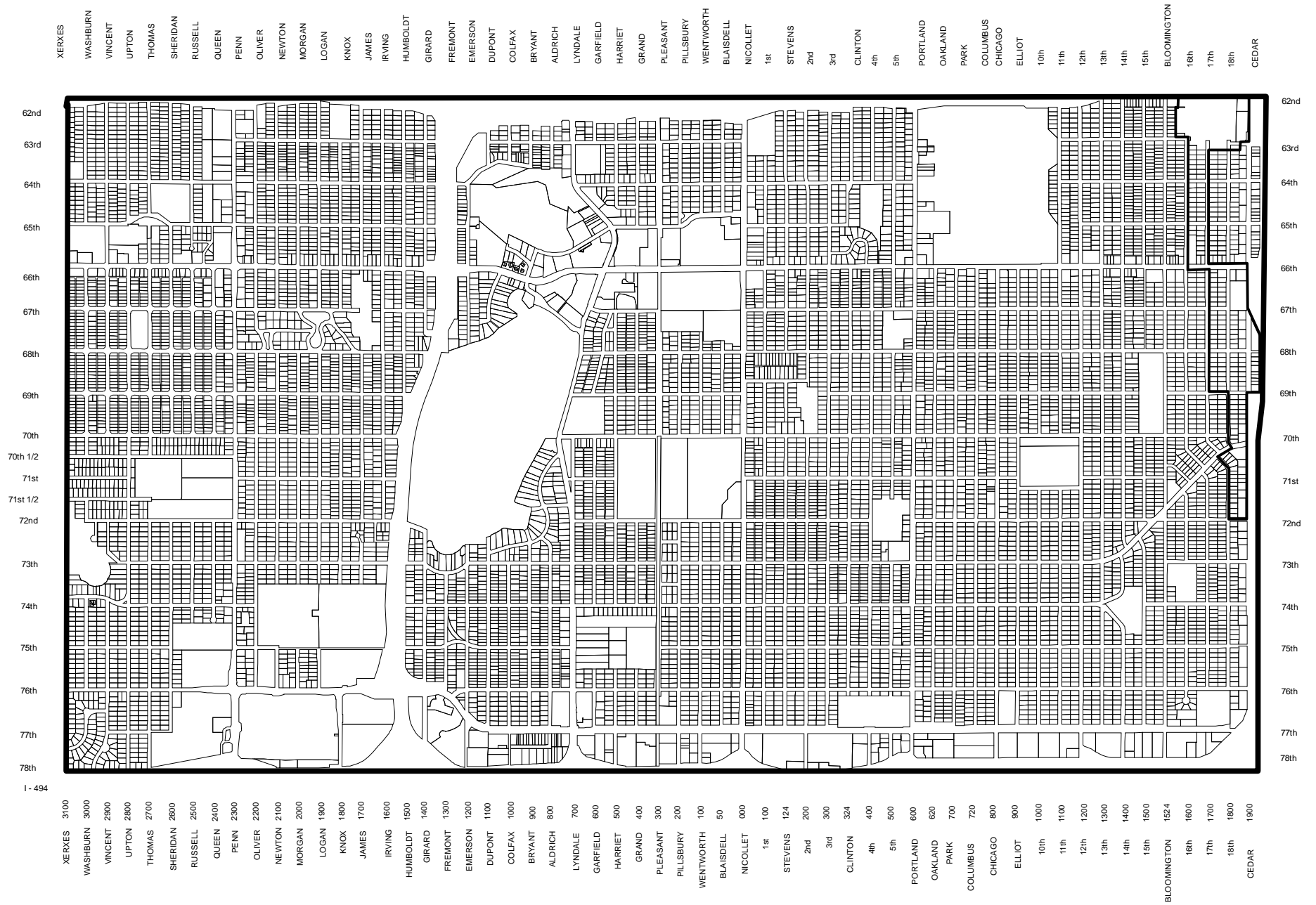


APPENDIX B

MAP(S) OF THE RICHFIELD REDEVELOPMENT PROJECT AREA AND THE DISTRICT

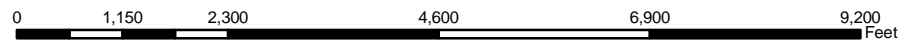
# RICHFIELD REDEVELOPMENT PROJECT AREA

## Cedar Corridor Tax Increment Financing District



Cedar Corridor Tax Increment Financing District

Redevelopment Project Area



07/13/06

APPENDIX C

DESCRIPTION OF PROPERTY TO BE INCLUDED IN THE DISTRICT

The District encompasses all property and adjacent rights-of-way and abutting roadways identified by the parcels listed below.

<b>PARCEL</b>	<b>ADDRESS</b>
2502824320001	6733 CEDAR AVE S
2502824330054	6841 CEDAR AVE S
2502824330055	6839 CEDAR AVE S
2502824330056	6833 CEDAR AVE S
2502824330057	6829 CEDAR AVE S
2502824330058	6825 CEDAR AVE S
2502824330059	6821 CEDAR AVE S
2502824330060	6813 CEDAR AVE S
2502824330061	6809 CEDAR AVE S
2502824330062	6801 CEDAR AVE S
2602824110002	6300 18TH AVE S
2602824110033	6309 16TH AVE S
2602824110034	6315 16TH AVE S
2602824110035	6321 16TH AVE S
2602824110036	6327 16TH AVE S
2602824110037	6333 16TH AVE S
2602824110038	6339 16TH AVE S
2602824110039	6345 16TH AVE S
2602824110040	6344 17TH AVE S
2602824110041	6338 17TH AVE S
2602824110042	6332 17TH AVE S
2602824110043	6326 17TH AVE S
2602824110044	6320 17TH AVE S
2602824110045	6314 17TH AVE S
2602824110062	6309 18TH AVE S
2602824140001	6541 16TH AVE S
2602824140002	6509 16TH AVE S
2602824140003	6501 16TH AVE S
2602824140004	6401 16TH AVE S
2602824140005	6409 16TH AVE S
2602824140006	6415 16TH AVE S
2602824140007	6421 16TH AVE S
2602824140008	6427 16TH AVE S
2602824140009	6433 16TH AVE S
2602824140010	6439 16TH AVE S
2602824140011	6445 16TH AVE S
2602824140012	6444 17TH AVE S
2602824140013	6438 17TH AVE S
2602824140014	6432 17TH AVE S
2602824140015	6426 17TH AVE S
2602824140016	6420 17TH AVE S
2602824140017	6414 17TH AVE S

2602824140018	6408 17TH AVE S
2602824140019	6400 17TH AVE S
2602824140020	6500 17TH AVE S
2602824140021	6508 17TH AVE S
2602824140022	6514 17TH AVE S
2602824140023	6520 17TH AVE S
2602824140024	6526 17TH AVE S
2602824140025	6532 17TH AVE S
2602824140122	1620 66TH ST E
2602824140123	1614 66TH ST E
2602824410001	6607 18TH AVE S
2602824410002	660 CEDAR AVE S
2602824410063	6636 CEDAR AVE S
2602824410066	6614 18TH AVE S
2602824410067	6620 18TH AVE S
2602824410068	6626 18TH AVE S
2602824410069	6632 18TH AVE S
2602824410070	6638 18TH AVE S
2602824410071	6644 18TH AVE S
2602824410072	6645 17TH AVE S
2602824410073	6639 17TH AVE S
2602824410074	6633 17TH AVE S
2602824410075	6627 17TH AVE S
2602824410076	6621 17TH AVE S
2602824410077	6615 17TH AVE S
2602824410078	6609 17TH AVE S
2602824410079	6601 17TH AVE S
2602824410080	6700 18TH AVE S
2602824410081	6708 18TH AVE S
2602824410082	6714 18TH AVE S
2602824410083	6720 18TH AVE S
2602824410084	6726 18TH AVE S
2602824410085	6732 18TH AVE S
2602824410086	6738 18TH AVE S
2602824410087	6744 18TH AVE S
2602824410088	6745 17TH AVE S
2602824410089	6739 17TH AVE S
2602824410090	6733 17TH AVE S
2602824410091	6727 17TH AVE S
2602824410092	6721 17TH AVE S
2602824410093	6715 17TH AVE S
2602824410094	6709 17TH AVE S
2602824410095	6701 17TH AVE S
2602824410096	6700 CEDAR AVE S
2602824410097	6720 CEDAR AVE S
2602824410098	6730 CEDAR AVE S
2602824410099	6744 CEDAR AVE S
2602824410100	6745 18TH AVE S
2602824410101	6739 18TH AVE S
2602824410102	6733 18TH AVE S

2602824410103	6727 18TH AVE S
2602824410104	6721 18TH AVE S
2602824410105	6715 18TH AVE S
2602824410106	6709 18TH AVE S
2602824410107	6701 18TH AVE S
2602824410108	1717 66TH ST E
2602824440001	6800 CEDAR AVE S
2602824440002	6808 CEDAR AVE S
2602824440003	6814 CEDAR AVE S
2602824440004	6820 CEDAR AVE S
2602824440005	6826 CEDAR AVE S
2602824440006	6832 CEDAR AVE S
2602824440007	6838 CEDAR AVE S
2602824440008	6844 CEDAR AVE S
2602824440009	6845 18TH AVE S
2602824440010	6839 18TH AVE S
2602824440011	6833 18TH AVE S
2602824440012	6827 18TH AVE S
2602824440013	6821 18TH AVE S
2602824440014	6815 18TH AVE S
2602824440015	6809 18TH AVE S
2602824440016	6801 18TH AVE S
2602824440017	6800 18TH AVE S
2602824440018	6808 18TH AVE S
2602824440019	6814 18TH AVE S
2602824440020	6820 18TH AVE S
2602824440021	6826 18TH AVE S
2602824440022	6832 18TH AVE S
2602824440023	6838 18TH AVE S
2602824440024	6844 18TH AVE S
2602824440025	6845 17TH AVE S
2602824440026	6839 17TH AVE S
2602824440027	6833 17TH AVE S
2602824440028	6827 17TH AVE S
2602824440029	6821 17TH AVE S
2602824440030	6815 17TH AVE S
2602824440031	6809 17TH AVE S
2602824440032	6801 17TH AVE S
2602824440065	6900 CEDAR AVE S
2602824440066	6908 CEDAR AVE S
2602824440067	6914 CEDAR AVE S
2602824440068	6920 CEDAR AVE S
2602824440069	6924 CEDAR AVE S
2602824440070	6932 CEDAR AVE S
2602824440073	6945 18TH AVE S
2602824440074	6939 18TH AVE S
2602824440075	6933 18TH AVE S
2602824440076	6927 18TH AVE S
2602824440077	6921 18TH AVE S
2602824440078	6915 18TH AVE S

2602824440079	6909 18TH AVE S
2602824440080	6901 18TH AVE S
2602824440129	6938 CEDAR AVE S
3502824110001	6958 CEDAR AVE S
3502824110002	7001 18TH AVE S
3502824110003	7005 18TH AVE S
3502824110009	7000 CEDAR AVE S
3502824110010	7034 CEDAR AVE S
3502824110011	7040 CEDAR AVE S
3502824110012	7048 CEDAR AVE S
3502824110013	7100 CEDAR AVE S
3502824110014	7108 CEDAR AVE S
3502824110015	7116 CEDAR AVE S
3502824110016	7121 18TH AVE S
3502824110017	7115 18TH AVE S
3502824110018	7111 18TH AVE S
3502824110019	7105 18TH AVE S
3502824110020	7101 18TH AVE S
3502824110021	7049 18TH AVE S
3502824110022	7045 18TH AVE S
3502824110023	7039 18TH AVE S
3502824110024	7035 18TH AVE S
3502824110025	7033 18TH AVE S
3502824110026	7029 18TH AVE S
3502824110027	7025 18TH AVE S
3502824110123	7134 CEDAR AVE S
3502824110124	7145 18TH AVE S
3502824110125	7137 18TH AVE S
3502824110126	7131 18TH AVE S
3502824110127	7127 18TH AVE S

(AS MODIFIED NOVEMBER 28, 2017)

The following parcels are being removed from the District for inclusion in Tax Increment Financing District No. 2017-1 (The Chamberlain):

<u>Parcel Numbers</u>	<u>Address</u>	<u>Owner</u>
26-028-24-41-0067	6620 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0068	6626 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0069	6632 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0070	6638 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0071	6644 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0072	6645 17 <sup>th</sup> Ave S	HRA
26-028-24-41-0073	6639 17 <sup>th</sup> Ave S	HRA
26-028-24-41-0074	6633 17 <sup>th</sup> Ave S	HRA
26-028-24-41-0075	6627 17 <sup>th</sup> Ave S	HRA
26-028-24-41-0076	6621 17 <sup>th</sup> Ave S	HRA
26-028-24-41-0077	6615 17 <sup>th</sup> Ave S	HRA
26-028-24-41-0080	6700 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0081	6708 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0082	6714 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0083	6720 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0084	6726 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0085	6732 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0086	6738 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0087	6744 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0096	6700 Cedar Ave S	HRA
26-028-24-41-0097	6720 Cedar Ave S	Cedar South Pointe LLC
26-028-24-41-0098	6730 Cedar Ave S	Cedar South Pointe LLC
26-028-24-41-0099	6744 Cedar Ave S	Cedar South Pointe LLC
26-028-24-41-0100	6745 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0101	6739 18 <sup>th</sup> Ave S	HRA

26-028-24-41-0102	6733 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0103	6727 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0104	6721 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0105	6715 18 <sup>th</sup> Ave S	Richfield Apartments LLC
26-028-24-41-0106	6709 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0107	6701 18 <sup>th</sup> Ave S	HRA

The following are the parcels remaining in the District:

2502824320001	2502824330054	2502824330055	2502824330056	2502824330057
2502824330058	2502824330059	2502824330060	2502824330061	2502824330062
2602824110002	2602824110033	2602824110034	2602824110035	2602824110036
2602824110037	2602824110038	2602824110039	2602824110040	2602824110041
2602824110042	2602824110043	2602824110044	2602824110045	2602824110062
2602824140001	2602824140002	2602824140003	2602824140004	2602824140005
2602824140006	2602824140007	2602824140008	2602824140009	2602824140010
2602824140011	2602824140012	2602824140013	2602824140014	2602824140015
2602824140016	2602824140017	2602824140018	2602824140019	2602824140137
2602824140138	2602824140140	2602824140141	2602824410001	2602824410002
2602824410063	2602824410066	2602824410088	2602824410089	2602824410090
2602824410091	2602824410092	2602824410093	2602824410094	2602824410095
2602824410108	2602824440001	2602824440002	2602824440003	2602824440004
2602824440005	2602824440006	2602824440007	2602824440008	2602824440009
2602824440010	2602824440011	2602824440012	2602824440013	2602824440014
2602824440015	2602824440016	2602824440017	2602824440018	2602824440019
2602824440020	2602824440021	2602824440022	2602824440023	2602824440024
2602824440025	2602824440026	2602824440027	2602824440028	2602824440029
2602824440030	2602824440031	2602824440032	2602824440065	2602824440066
2602824440067	2602824440068	2602824440069	2602824440071	2602824440073
2602824440074	2602824440075	2602824440076	2602824440077	2602824440078



2602824440079	2602824440080	2602824440129	3502824110001	3502824110002
3502824110003	3502824110009	3502824110010	3502824110011	3502824110012
3502824110013	3502824110014	3502824110015	3502824110016	3502824110017
3502824110018	3502824110019	3502824110020	3502824110021	3502824110022
3502824110023	3502824110024	3502824110025	3502824110026	3502824110027
3502824110123	3502824110124	3502824110125	3502824110126	3502824110127

APPENDIX D  
ESTIMATED CASH FLOW FOR THE DISTRICT



**CEDAR AVE TAX INCREMENT DISTRICT  
CITY OF RICHFIELD**

**SUMMARY**

<b>T.I.F. CASH FLOW ASSUMPTIONS</b>			
<b>District</b>	<b>New Redevelopment District</b>		
<b>County District #</b>			
Inflation Rate - Every _ Years		1.00%	
Pay-As-You-Go Interest Rate:		6.50%	
City Internal Loan Rate		4.00%	
Note Issued Date (Present Value Date):		01-Feb-06	
Local Tax Rate - Frozen		113.5680%	Pay 2006
Fiscal Disparities Election		Inside	
Year District was certified		2006	
Assumes First Tax Increment For District		2008	
Year District was Modified		N/A	
Development located in modified area		N/A	
Assumes First Tax Increment For Dev		2009	
Years of Tax Increment		26	
Assumes Last Year of Tax Increment		2033	
Fiscal Disparities Ratio		33.6177%	Pay 2006
Fiscal Disparities Metro Wide Tax Rate		121.8020%	Pay 2006
Local Tax Rate - Current		107.7150%	Pay 2006
State Wide Property Tax Rate (Used for total taxes)		50.8270%	Pay 2006
Market Value Tax Rate (used for total taxes)		N/A	Pay 2006
Commercial Industrial Class Rate		1.5%-2.0%	Pay 2006
First 150,000		1.50%	
Over 150,000		2.00%	
Rental Class Rate		1.25%	Pay 2006
Residential Class Ra - Under \$500,000		1.00%	
Over \$500,000		1.25%	

**Note:**

1. Tax estimates are based upon market value, construction costs and taxes per sq/ft.
2. Apartments/residential do not pay State-wide property tax or Fiscal Disparities
3. Assumes Fiscal Disparities is paid inside the district



**CEDAR AVE TAX INCREMENT DISTRICT**  
CITY OF RICHFIELD  
SUMMARY

TAX INCREMENT CASH FLOW													PAYMENT DATE		
PERIOD	BEGINNING		Base	Project	Fiscal	Captured	Semi-Annual	State	Admin.	Housing	Semi-Annual	Semi-Annual			
Yrs.	Mth.	Yr.	Tax Capacity	Tax Capacity	Disparities Reduction	Tax Capacity	Gross Tax Increment	Auditor 0.36%	10.00%	15.00%	Net Tax Increment	Present Value	Yrs.	Mth.	Yr.
Present Value Date							01-Feb-06								
0.0	1-Aug	2006	668,074	668,074				0					0.0	1-Feb	2006
0.0	1-Feb	2007	668,074	668,074	0	0	0	0	0	0	0	0	0.0	1-Aug	2006
0.0	1-Aug	2007	668,074	668,074	0	0	0	0	0	0	0	0	0.0	1-Feb	2007
0.0	1-Feb	2008	668,074	668,074	0	0	0	0	0	0	0	0	0.5	1-Aug	2007
0.5	1-Aug	2008	668,074	668,074	0	0	0	0	0	0	0	0	1.0	1-Feb	2008
1.0	1-Feb	2009	668,074	974,938	(78,342)	228,522	123,076	(443)	(12,263)	(18,395)	91,975	78,383	1.5	1-Aug	2008
1.5	1-Aug	2009	668,074	974,938	(78,342)	228,522	123,076	(443)	(12,263)	(18,395)	91,975	154,298	2.0	1-Feb	2009
2.0	1-Feb	2010	668,074	1,806,772	(290,749)	847,948	456,684	(1,644)	(45,504)	(68,256)	341,280	427,120	2.5	1-Aug	2009
2.5	1-Aug	2010	668,074	1,806,772	(290,749)	847,948	456,684	(1,644)	(45,504)	(68,256)	341,280	691,355	3.0	1-Feb	2010
3.0	1-Feb	2011	668,074	2,638,605	(503,157)	1,467,373	790,291	(2,845)	(78,745)	(118,117)	590,584	1,134,220	3.5	1-Aug	2010
3.5	1-Aug	2011	668,074	2,638,605	(503,157)	1,467,373	790,291	(2,845)	(78,745)	(118,117)	590,584	1,563,145	4.0	1-Feb	2011
4.0	1-Feb	2012	668,074	3,470,438	(715,565)	2,086,799	1,123,898	(4,046)	(111,985)	(167,978)	839,889	2,153,932	4.5	1-Aug	2011
4.5	1-Aug	2012	668,074	3,470,438	(715,565)	2,086,799	1,123,898	(4,046)	(111,985)	(167,978)	839,889	2,726,123	5.0	1-Feb	2012
5.0	1-Feb	2013	668,074	4,302,272	(927,973)	2,706,224	1,457,505	(5,247)	(145,226)	(217,839)	1,089,193	3,444,801	5.5	1-Aug	2012
5.5	1-Aug	2013	668,074	4,302,272	(927,973)	2,706,224	1,457,505	(5,247)	(145,226)	(217,839)	1,089,193	4,140,857	6.0	1-Feb	2013
6.0	1-Feb	2014	668,074	4,991,000	(1,103,879)	3,219,047	1,736,447	(6,251)	(173,020)	(259,529)	1,297,647	4,944,023	6.5	1-Aug	2013
6.5	1-Aug	2014	668,074	4,991,000	(1,103,879)	3,219,047	1,736,447	(6,251)	(173,020)	(259,529)	1,297,647	5,721,909	7.0	1-Feb	2014
7.0	1-Feb	2015	668,074	5,040,910	(1,116,623)	3,256,213	1,756,497	(6,323)	(175,017)	(262,526)	1,312,630	6,484,007	7.5	1-Aug	2014
7.5	1-Aug	2015	668,074	5,040,910	(1,116,623)	3,256,213	1,756,497	(6,323)	(175,017)	(262,526)	1,312,630	7,222,118	8.0	1-Feb	2015
8.0	1-Feb	2016	668,074	5,091,319	(1,129,495)	3,293,750	1,776,747	(6,396)	(177,035)	(265,553)	1,327,763	7,945,236	8.5	1-Aug	2015
8.5	1-Aug	2016	668,074	5,091,319	(1,129,495)	3,293,750	1,776,747	(6,396)	(177,035)	(265,553)	1,327,763	8,645,593	9.0	1-Feb	2016
9.0	1-Feb	2017	668,074	5,142,232	(1,142,496)	3,331,662	1,797,199	(6,470)	(179,073)	(268,609)	1,343,047	9,331,712	9.5	1-Aug	2016
9.5	1-Aug	2017	668,074	5,142,232	(1,142,496)	3,331,662	1,797,199	(6,470)	(179,073)	(268,609)	1,343,047	9,996,235	10.0	1-Feb	2017
10.0	1-Feb	2018	668,074	5,193,655	(1,155,626)	3,369,954	1,817,857	(6,544)	(181,131)	(271,697)	1,358,484	10,617,239	10.5	1-Aug	2017
10.5	1-Aug	2018	668,074	5,193,655	(1,155,626)	3,369,954	1,817,857	(6,544)	(181,131)	(271,697)	1,358,484	11,277,750	11.0	1-Feb	2018
11.0	1-Feb	2019	668,074	5,245,591	(1,168,888)	3,408,629	1,838,720	(6,619)	(183,210)	(274,815)	1,374,076	11,895,424	11.5	1-Aug	2018
11.5	1-Aug	2019	668,074	5,245,591	(1,168,888)	3,408,629	1,838,720	(6,619)	(183,210)	(274,815)	1,374,076	12,493,655	12.0	1-Feb	2019
12.0	1-Feb	2020	668,074	5,298,047	(1,182,283)	3,447,690	1,859,793	(6,695)	(185,310)	(277,965)	1,389,823	13,079,696	12.5	1-Aug	2019
12.5	1-Aug	2020	668,074	5,298,047	(1,182,283)	3,447,690	1,859,793	(6,695)	(185,310)	(277,965)	1,389,823	13,647,290	13.0	1-Feb	2020
13.0	1-Feb	2021	668,074	5,351,028	(1,195,811)	3,487,142	1,881,076	(6,772)	(187,430)	(281,146)	1,405,728	14,203,309	13.5	1-Aug	2020
13.5	1-Aug	2021	668,074	5,351,028	(1,195,811)	3,487,142	1,881,076	(6,772)	(187,430)	(281,146)	1,405,728	14,741,826	14.0	1-Feb	2021
14.0	1-Feb	2022	668,074	5,404,538	(1,209,475)	3,526,988	1,902,572	(6,849)	(189,572)	(284,358)	1,421,792	15,269,352	14.5	1-Aug	2021
14.5	1-Aug	2022	668,074	5,404,538	(1,209,475)	3,526,988	1,902,572	(6,849)	(189,572)	(284,358)	1,421,792	15,780,274	15.0	1-Feb	2022
15.0	1-Feb	2023	668,074	5,458,583	(1,223,276)	3,567,233	1,924,282	(6,927)	(191,736)	(287,603)	1,438,016	16,280,760	15.5	1-Aug	2022
15.5	1-Aug	2023	668,074	5,458,583	(1,223,276)	3,567,233	1,924,282	(6,927)	(191,736)	(287,603)	1,438,016	16,765,492	16.0	1-Feb	2023
16.0	1-Feb	2024	668,074	5,513,169	(1,237,214)	3,607,881	1,946,210	(7,006)	(193,920)	(290,881)	1,454,403	17,240,316	16.5	1-Aug	2023
16.5	1-Aug	2024	668,074	5,513,169	(1,237,214)	3,607,881	1,946,210	(7,006)	(193,920)	(290,881)	1,454,403	17,700,194	17.0	1-Feb	2024
17.0	1-Feb	2025	668,074	5,568,301	(1,251,292)	3,648,935	1,968,358	(7,086)	(196,127)	(294,191)	1,470,954	18,150,665	17.5	1-Aug	2024
17.5	1-Aug	2025	668,074	5,568,301	(1,251,292)	3,648,935	1,968,358	(7,086)	(196,127)	(294,191)	1,470,954	18,586,956	18.0	1-Feb	2025
18.0	1-Feb	2026	668,074	5,623,984	(1,265,511)	3,690,399	1,990,726	(7,167)	(198,356)	(297,534)	1,487,670	19,014,316	18.5	1-Aug	2025
18.5	1-Aug	2026	668,074	5,623,984	(1,265,511)	3,690,399	1,990,726	(7,167)	(198,356)	(297,534)	1,487,670	19,428,225	19.0	1-Feb	2026
19.0	1-Feb	2027	668,074	5,680,224	(1,279,871)	3,732,278	2,013,319	(7,248)	(200,607)	(300,911)	1,504,553	19,833,654	19.5	1-Aug	2026
19.5	1-Aug	2027	668,074	5,680,224	(1,279,871)	3,732,278	2,013,319	(7,248)	(200,607)	(300,911)	1,504,553	20,226,321	20.0	1-Feb	2027
20.0	1-Feb	2028	668,074	5,737,026	(1,294,376)	3,774,576	2,036,137	(7,330)	(202,881)	(304,321)	1,521,605	20,610,939	20.5	1-Aug	2027
20.5	1-Aug	2028	668,074	5,737,026	(1,294,376)	3,774,576	2,036,137	(7,330)	(202,881)	(304,321)	1,521,605	20,983,451	21.0	1-Feb	2028
21.0	1-Feb	2029	668,074	5,794,396	(1,309,025)	3,817,297	2,059,184	(7,413)	(205,177)	(307,766)	1,538,828	21,348,320	21.5	1-Aug	2028
21.5	1-Aug	2029	668,074	5,794,396	(1,309,025)	3,817,297	2,059,184	(7,413)	(205,177)	(307,766)	1,538,828	21,701,704	22.0	1-Feb	2029
22.0	1-Feb	2030	668,074	5,852,340	(1,323,821)	3,860,445	2,082,461	(7,497)	(207,496)	(311,245)	1,556,223	22,047,834	22.5	1-Aug	2029
22.5	1-Aug	2030	668,074	5,852,340	(1,323,821)	3,860,445	2,082,461	(7,497)	(207,496)	(311,245)	1,556,223	22,383,069	23.0	1-Feb	2030
23.0	1-Feb	2031	668,074	5,910,863	(1,338,765)	3,904,024	2,105,971	(7,581)	(209,839)	(314,758)	1,573,792	22,711,417	23.5	1-Aug	2030
23.5	1-Aug	2031	668,074	5,910,863	(1,338,765)	3,904,024	2,105,971	(7,581)	(209,839)	(314,758)	1,573,792	23,029,429	24.0	1-Feb	2031
24.0	1-Feb	2032	668,074	5,969,972	(1,353,858)	3,948,040	2,129,715	(7,667)	(212,205)	(318,307)	1,591,536	23,340,904	24.5	1-Aug	2031
24.5	1-Aug	2032	668,074	5,969,972	(1,353,858)	3,948,040	2,129,715	(7,667)	(212,205)	(318,307)	1,591,536	23,642,575	25.0	1-Feb	2032
25.0	1-Feb	2033	668,074	6,029,672	(1,369,103)	3,992,495	2,153,698	(7,753)	(214,594)	(321,892)	1,609,458	23,938,041	25.5	1-Aug	2032
25.5	1-Aug	2033	668,074	6,029,672	(1,369,103)	3,992,495	2,153,698	(7,753)	(214,594)	(321,892)	1,609,458	24,224,206	26.0	1-Feb	2033
			<b>Totals</b>		<b>(54,332,949)</b>		<b>85,495,591</b>	<b>(307,645)</b>	<b>(6,514,920)</b>	<b>(12,772,380)</b>	<b>63,861,898</b>				
<b>Present Value</b>							<b>45,943,843</b>	<b>(165,398)</b>	<b>(6,624,506)</b>	<b>(6,866,767)</b>		<b>24,224,206</b>			

**NOTES:**

1. State Auditor payment is based upon 1st half, pay 2006 actual and may increase over term of district
2. TIF run does not reflect potential reduction in Market Value Homestead Credit
3. Amount of increment will vary depending upon market value, tax rates, class rates, construction schedule and inflation on Market Value.
4. Inflation on tax rates cannot be captured.
5. TIF does not capture state wide property taxes or market value property taxes



**CEDAR AVE TAX INCREMENT DISTRICT  
CITY OF RICHFIELD**

**RETAIL**

T.I.F. CASH FLOW ASSUMPTIONS			
<b>District</b>	<b>New Redevelopment District</b>		
<b>County District #</b>			
Inflation Rate - Every _ Years		1.00%	
Pay-As-You-Go Interest Rate:		6.50%	
City Internal Loan Rate		4.00%	
Note Issued Date (Present Value Date):		01-Feb-06	
Local Tax Rate - Frozen	107.71500%		Pay 2006
Fiscal Disparities Election		Inside	
Year District was certified		2006	
Assumes First Tax Increment For District		2008	
Year District was Modified		N/A	
Development located in modified area		N/A	
Assumes First Tax Increment For Dev		2009	
Years of Tax Increment		26	
Assumes Last Year of Tax Increment		2033	
Fiscal Disparities Ratio		33.6177%	Pay 2006
Fiscal Disparities Metro Wide Tax Rate		121.8020%	Pay 2006
Local Tax Rate - Current		107.7150%	Pay 2006
State Wide Property Tax Rate (Used for total taxes)		50.8270%	Pay 2006
Market Value Tax Rate (used for total taxes)		N/A	Pay 2006
Commercial Industrial Class Rate		1.5%-2.0%	Pay 2006
First 150,000		1.50%	
Over 150,000		2.00%	
Rental Class Rate		1.25%	Pay 2006
Residential Class Ra - Under \$500,000		1.00%	
Over \$500,000		1.25%	

BASE VALUE INFORMATION					
Watershed			Market Value	Tax Capacity	
<b>0</b>			<b>32,594,600</b>	<b>396,759</b>	
Comm Retail	158,333,333	61.29%	19,977,335	<b>1.5%-2.0%</b>	<b>398,797</b>
Housing	100,000,000	38.71%	12,617,265	<b>1.00%</b>	<b>126,173</b>
<b>Total</b>	<b>258,333,333</b>	<b>100.00%</b>	<b>32,594,600</b>		<b>524,969</b>

PROJECT INFORMATION									
PHASE	Use	Total Sq. Ft./Units	Market Value Sq. Ft./Units	Market Value	Class Rate	New Tax Capacity	Date Completed	Date Asses	Date Payable
1	Retail	58,333	200.00	11,666,667	1.5%-2.0%	232,583	2007	2008	2009
	Office	100,000	200.00	20,000,000	1.5%-2.0%	399,250	2007	2008	2009
	Housing	100	200,000.00	20,000,000	1.00%	200,000	2007	2008	2009
2	Retail	58,333	200.00	11,666,667	1.5%-2.0%	232,583	2008	2009	2010
	Office	100,000	200.00	20,000,000	1.5%-2.0%	399,250	2008	2009	2010
	Housing	100	200,000.00	20,000,000	1.00%	200,000	2008	2009	2010
3	Retail	58,333	200.00	11,666,667	1.5%-2.0%	232,583	2009	2010	2011
	Office	100,000	200.00	20,000,000	1.5%-2.0%	399,250	2009	2010	2011
	Housing	100	200,000.00	20,000,000	1.00%	200,000	2009	2010	2011
4	Retail	58,333	200.00	11,666,667	1.5%-2.0%	232,583	2010	2011	2012
	Office	100,000	200.00	20,000,000	1.5%-2.0%	399,250	2010	2011	2012
	Housing	100	200,000.00	20,000,000	1.00%	200,000	2010	2011	2012
5	Retail	58,333	200.00	11,666,667	1.5%-2.0%	232,583	2011	2012	2013
	Office	100,000	200.00	20,000,000	1.5%-2.0%	399,250	2011	2012	2013
	Housing	100	200,000.00	20,000,000	1.00%	200,000	2011	2012	2013
<b>TOTAL</b>		<b>792,167</b>		<b>258,333,333</b>		<b>4,159,167</b>			

**Note:**

1. Tax estimates are based upon market value, construction costs and taxes per sq/ft.
2. Apartments/residential do not pay State-wide property tax or Fiscal Disparities
3. Assumes Fiscal Disparities is paid inside the district



**CEDAR AVE TAX INCREMENT DISTRICT**  
CITY OF RICHFIELD  
RETAIL

TAX INCREMENT CASH FLOW																		
PERIOD	BEGINNING	Yrs.	Mth.	Yr.	Base Tax Capacity	Project Tax Capacity	Fiscal Disparities Reduction	Captured Tax Capacity	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. 10.00%	Housing 15.00%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PAYMENT DATE			
															Yrs.	Mth.	Yr.	
Present Value Date														01-Feb-06				
0.0	1-Aug	2006			524,969	524,969										0.0	1-Feb	2006
0.0	1-Feb	2007			524,969	524,969	0	0	0	0	0	0	0	0	0	0.0	1-Aug	2006
0.0	1-Aug	2007			524,969	524,969	0	0	0	0	0	0	0	0	0	0.0	1-Feb	2007
0.0	1-Feb	2008			524,969	524,969	0	0	0	0	0	0	0	0	0	0.5	1-Aug	2007
0.5	1-Aug	2008			524,969	524,969	0	0	0	0	0	0	0	0	0	1.0	1-Feb	2008
1.0	1-Feb	2009			524,969	831,833	(78,342)	228,522	123,076	(443)	(12,263)	(18,395)	91,975	78,383	1.5	1-Aug	2008	
1.5	1-Aug	2009			524,969	831,833	(78,342)	228,522	123,076	(443)	(12,263)	(18,395)	91,975	154,298	2.0	1-Feb	2009	
2.0	1-Feb	2010			524,969	1,663,667	(290,749)	847,948	456,684	(1,644)	(45,504)	(68,256)	341,280	427,120	2.5	1-Aug	2009	
2.5	1-Aug	2010			524,969	1,663,667	(290,749)	847,948	456,684	(1,644)	(45,504)	(68,256)	341,280	691,355	3.0	1-Feb	2010	
3.0	1-Feb	2011			524,969	2,495,500	(503,157)	1,467,373	790,291	(2,845)	(78,745)	(118,117)	590,584	1,134,220	3.5	1-Aug	2010	
3.5	1-Aug	2011			524,969	2,495,500	(503,157)	1,467,373	790,291	(2,845)	(78,745)	(118,117)	590,584	1,563,145	4.0	1-Feb	2011	
4.0	1-Feb	2012			524,969	3,327,333	(715,565)	2,086,799	1,123,898	(4,046)	(111,985)	(167,978)	839,889	2,153,922	4.5	1-Aug	2011	
4.5	1-Aug	2012			524,969	3,327,333	(715,565)	2,086,799	1,123,898	(4,046)	(111,985)	(167,978)	839,889	2,726,123	5.0	1-Feb	2012	
5.0	1-Feb	2013			524,969	4,159,167	(927,973)	2,706,224	1,457,505	(5,247)	(145,226)	(217,839)	1,089,193	3,444,801	5.5	1-Aug	2012	
5.5	1-Aug	2013			524,969	4,159,167	(927,973)	2,706,224	1,457,505	(5,247)	(145,226)	(217,839)	1,089,193	4,140,857	6.0	1-Feb	2013	
6.0	1-Feb	2014			524,969	4,159,167	(927,973)	2,706,224	1,457,505	(5,247)	(145,226)	(217,839)	1,089,193	4,815,003	6.5	1-Aug	2013	
6.5	1-Aug	2014			524,969	4,159,167	(927,973)	2,706,224	1,457,505	(5,247)	(145,226)	(217,839)	1,089,193	5,467,929	7.0	1-Feb	2014	
7.0	1-Feb	2015			524,969	4,200,758	(938,593)	2,737,196	1,474,185	(5,307)	(146,888)	(220,332)	1,101,659	6,107,540	7.5	1-Aug	2014	
7.5	1-Aug	2015			524,969	4,200,758	(938,593)	2,737,196	1,474,185	(5,307)	(146,888)	(220,332)	1,101,659	6,727,018	8.0	1-Feb	2015	
8.0	1-Feb	2016			524,969	4,242,766	(949,320)	2,768,477	1,491,032	(5,368)	(146,888)	(222,850)	1,114,248	7,333,854	8.5	1-Aug	2015	
8.5	1-Aug	2016			524,969	4,242,766	(949,320)	2,768,477	1,491,032	(5,368)	(146,888)	(222,850)	1,114,248	7,921,588	9.0	1-Feb	2016	
9.0	1-Feb	2017			524,969	4,285,194	(960,154)	2,800,070	1,508,048	(5,429)	(150,262)	(225,393)	1,126,964	8,497,318	9.5	1-Aug	2016	
9.5	1-Aug	2017			524,969	4,285,194	(960,154)	2,800,070	1,508,048	(5,429)	(150,262)	(225,393)	1,126,964	9,054,925	10.0	1-Feb	2017	
10.0	1-Feb	2018			524,969	4,328,046	(971,096)	2,831,980	1,525,234	(5,491)	(151,974)	(227,961)	1,139,807	9,601,136	10.5	1-Aug	2017	
10.5	1-Aug	2018			524,969	4,328,046	(971,096)	2,831,980	1,525,234	(5,491)	(151,974)	(227,961)	1,139,807	10,130,153	11.0	1-Feb	2018	
11.0	1-Feb	2019			524,969	4,371,326	(982,148)	2,864,209	1,542,591	(5,553)	(153,704)	(230,556)	1,152,779	10,648,350	11.5	1-Aug	2018	
11.5	1-Aug	2019			524,969	4,371,326	(982,148)	2,864,209	1,542,591	(5,553)	(153,704)	(230,556)	1,152,779	11,150,235	12.0	1-Feb	2019	
12.0	1-Feb	2020			524,969	4,415,039	(993,310)	2,896,760	1,560,123	(5,616)	(155,451)	(233,176)	1,165,880	11,641,846	12.5	1-Aug	2019	
12.5	1-Aug	2020			524,969	4,415,039	(993,310)	2,896,760	1,560,123	(5,616)	(155,451)	(233,176)	1,165,880	12,117,983	13.0	1-Feb	2020	
13.0	1-Feb	2021			524,969	4,459,190	(1,004,583)	2,929,637	1,577,829	(5,680)	(157,215)	(235,822)	1,179,112	12,584,367	13.5	1-Aug	2020	
13.5	1-Aug	2021			524,969	4,459,190	(1,004,583)	2,929,637	1,577,829	(5,680)	(157,215)	(235,822)	1,179,112	13,036,070	14.0	1-Feb	2021	
14.0	1-Feb	2022			524,969	4,503,782	(1,015,970)	2,962,842	1,595,713	(5,745)	(158,997)	(238,495)	1,192,476	13,478,514	14.5	1-Aug	2021	
14.5	1-Aug	2022			524,969	4,503,782	(1,015,970)	2,962,842	1,595,713	(5,745)	(158,997)	(238,495)	1,192,476	13,907,030	15.0	1-Feb	2022	
15.0	1-Feb	2023			524,969	4,548,819	(1,027,470)	2,996,380	1,613,775	(5,810)	(160,797)	(241,195)	1,205,974	14,326,756	15.5	1-Aug	2022	
15.5	1-Aug	2023			524,969	4,548,819	(1,027,470)	2,996,380	1,613,775	(5,810)	(160,797)	(241,195)	1,205,974	14,733,271	16.0	1-Feb	2023	
16.0	1-Feb	2024			524,969	4,594,308	(1,039,086)	3,030,252	1,632,018	(5,875)	(162,614)	(243,921)	1,219,607	15,131,440	16.5	1-Aug	2023	
16.5	1-Aug	2024			524,969	4,594,308	(1,039,086)	3,030,252	1,632,018	(5,875)	(162,614)	(243,921)	1,219,607	15,517,076	17.0	1-Feb	2024	
17.0	1-Feb	2025			524,969	4,640,251	(1,050,817)	3,064,464	1,650,444	(5,942)	(164,450)	(246,675)	1,233,377	15,894,791	17.5	1-Aug	2024	
17.5	1-Aug	2025			524,969	4,640,251	(1,050,817)	3,064,464	1,650,444	(5,942)	(164,450)	(246,675)	1,233,377	16,260,616	18.0	1-Feb	2025	
18.0	1-Feb	2026			524,969	4,686,653	(1,062,666)	3,099,018	1,669,053	(6,009)	(166,304)	(249,457)	1,247,284	16,618,921	18.5	1-Aug	2025	
18.5	1-Aug	2026			524,969	4,686,653	(1,062,666)	3,099,018	1,669,053	(6,009)	(166,304)	(249,457)	1,247,284	16,965,947	19.0	1-Feb	2026	
19.0	1-Feb	2027			524,969	4,733,520	(1,074,633)	3,133,917	1,687,849	(6,076)	(168,177)	(252,266)	1,261,330	17,305,836	19.5	1-Aug	2026	
19.5	1-Aug	2027			524,969	4,733,520	(1,074,633)	3,133,917	1,687,849	(6,076)	(168,177)	(252,266)	1,261,330	17,635,025	20.0	1-Feb	2027	
20.0	1-Feb	2028			524,969	4,780,855	(1,086,720)	3,169,165	1,706,833	(6,145)	(170,069)	(255,103)	1,275,516	17,957,439	20.5	1-Aug	2027	
20.5	1-Aug	2028			524,969	4,780,855	(1,086,720)	3,169,165	1,706,833	(6,145)	(170,069)	(255,103)	1,275,516	18,289,704	21.0	1-Feb	2028	
21.0	1-Feb	2029			524,969	4,828,663	(1,098,928)	3,204,766	1,726,007	(6,214)	(171,979)	(257,969)	1,289,845	18,575,537	21.5	1-Aug	2028	
21.5	1-Aug	2029			524,969	4,828,663	(1,098,928)	3,204,766	1,726,007	(6,214)	(171,979)	(257,969)	1,289,845	18,871,744	22.0	1-Feb	2029	
22.0	1-Feb	2030			524,969	4,876,950	(1,111,258)	3,240,722	1,745,372	(6,283)	(173,909)	(260,863)	1,304,317	19,161,846	22.5	1-Aug	2029	
22.5	1-Aug	2030			524,969	4,876,950	(1,111,258)	3,240,722	1,745,372	(6,283)	(173,909)	(260,863)	1,304,317	19,442,816	23.0	1-Feb	2030	
23.0	1-Feb	2031			524,969	4,925,720	(1,123,711)	3,277,039	1,764,931	(6,354)	(175,858)	(263,787)	1,318,933	19,717,991	23.5	1-Aug	2030	
23.5	1-Aug	2031			524,969	4,925,720	(1,123,711)	3,277,039	1,764,931	(6,354)	(175,858)	(263,787)	1,318,933	19,984,505	24.0	1-Feb	2031	
24.0	1-Feb	2032			524,969	4,974,977	(1,136,289)	3,313,718	1,784,686	(6,425)	(177,826)	(266,739)	1,333,696	20,245,519	24.5	1-Aug	2031	
24.5	1-Aug	2032			524,969	4,974,977	(1,136,289)	3,313,718	1,784,686	(6,425)	(177,826)	(266,739)	1,333,696	20,498,317	25.0	1-Feb	2032	
25.0	1-Feb	2033			524,969	5,024,726	(1,148,993)	3,350,764	1,804,638	(6,497)	(179,814)	(269,721)	1,348,606	20,745,895	25.5	1-Aug	2032	
25.5	1-Aug	2033			524,969	5,024,726	(1,148,993)	3,350,764	1,804,638	(6,497)	(179,814)	(269,721)	1,348,606	20,985,680	26.0	1-Feb	2033	
					<b>Totals</b>		<b>(46,439,011)</b>		<b>72,977,389</b>	<b>(262,579)</b>	<b>(7,267,606)</b>	<b>(10,901,409)</b>	<b>54,507,045</b>					
<b>Present Value</b>								<b>39,555,053</b>	<b>(142,398)</b>	<b>(5,762,797)</b>	<b>(5,911,898)</b>	<b>20,985,680</b>						

- NOTES:**
1. State Auditor payment is based upon 1st half, pay 2006 actual and may increase over term of district
  2. TIF run does not reflect potential reduction in Market Value Homestead Credit
  3. Amount of increment will vary depending upon market value, tax rates, class rates, construction schedule and inflation on Market Value.
  4. Inflation on tax rates cannot be captured.
  5. TIF does not capture state wide property taxes or market value property taxes



**CEDAR AVE TAX INCREMENT DISTRICT  
CITY OF RICHFIELD**

**RETAIL**

T.I.F. CASH FLOW ASSUMPTIONS			
<b>District</b>	<b>New Redevelopment District</b>		
<b>County District #</b>			
Inflation Rate - Every _ Years		1.00%	
Pay-As-You-Go Interest Rate:		6.50%	
City Internal Loan Rate		4.00%	
Note Issued Date (Present Value Date):		01-Feb-06	
Local Tax Rate - Frozen	108.7870%		Pay 2006
Fiscal Disparities Election		Inside	
Year District was certified		2006	
Assumes First Tax Increment For District		2008	
Year District was Modified		N/A	
Development located in modified area		N/A	
Assumes First Tax Increment For Dev		2009	
Years of Tax Increment		26	
Assumes Last Year of Tax Increment		2033	
Fiscal Disparities Ratio		33.6177%	Pay 2006
Fiscal Disparities Metro Wide Tax Rate		121.8020%	Pay 2006
Local Tax Rate - Current		107.7150%	Pay 2006
State Wide Property Tax Rate (Used for total taxes)		50.8270%	Pay 2006
Market Value Tax Rate (used for total taxes)		N/A	Pay 2006
Commercial Industrial Class Rate		1.5%-2.0%	Pay 2006
First 150,000		1.50%	
Over 150,000		2.00%	
Rental Class Rate		1.25%	Pay 2006
Residential Class Ra - Under \$500,000		1.00%	
Over \$500,000		1.25%	

BASE VALUE INFORMATION					
Watershed			Market Value	Tax Capacity	
<b>3</b>			8,919,000	108,761	
Comm Retail	31,666,667	61.29%	5,466,484	<b>1.5%-2.0%</b>	<b>108,580</b>
Housing	20,000,000	38.71%	3,452,516	<b>1.00%</b>	<b>34,525</b>
Total	51,666,667	100.00%	8,919,000		143,105

PROJECT INFORMATION									
PHASE	Use	Total Sq. Ft./Units	Market Value Sq. Ft./Units	Market Value	Class Rate	New Tax Capacity	Date Completed	Date Asses	Date Payable
6	Retail	58,333	200.00	11,666,667	1.5%-2.0%	232,583	2012	2013	2014
	Office	100,000	200.00	20,000,000	1.5%-2.0%	399,250	2012	2013	2014
	Housing	100	200,000.00	20,000,000	1.00%	200,000	2012	2013	2014
<b>TOTAL</b>		158,433		51,666,667		831,833			

**Note:**

1. Tax estimates are based upon market value, construction costs and taxes per sq/ft.
2. Apartments/residential do not pay State-wide property tax or Fiscal Disparities
3. Assumes Fiscal Disparities is paid inside the district



**CEDAR AVE TAX INCREMENT DISTRICT**  
CITY OF RICHFIELD  
RETAIL

TAX INCREMENT CASH FLOW													PAYMENT DATE		
PERIOD Yrs.	BEGINNING Mth.	Yr.	Base Tax Capacity	Project Tax Capacity	Fiscal Disparities Reduction	Captured Tax Capacity	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. 10.00%	Housing 15.00%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD Yrs.	ENDING Mth.	Yr.
0.0	1-Aug	2006	143,105	143,105									0.0	1-Feb	2006
0.0	1-Feb	2007	143,105	143,105	0	0	0	0	0	0	0	0	0.0	1-Aug	2006
0.0	1-Aug	2007	143,105	143,105	0	0	0	0	0	0	0	0	0.0	1-Feb	2007
0.0	1-Feb	2008	143,105	143,105	0	0	0	0	0	0	0	0	0.5	1-Aug	2007
0.5	1-Aug	2008	143,105	143,105	0	0	0	0	0	0	0	0	1.0	1-Feb	2008
1.0	1-Feb	2009	143,105	143,105	0	0	0	0	0	0	0	0	1.5	1-Aug	2008
1.5	1-Aug	2009	143,105	143,105	0	0	0	0	0	0	0	0	2.0	1-Feb	2009
2.0	1-Feb	2010	143,105	143,105	0	0	0	0	0	0	0	0	2.5	1-Aug	2009
2.5	1-Aug	2010	143,105	143,105	0	0	0	0	0	0	0	0	3.0	1-Feb	2010
3.0	1-Feb	2011	143,105	143,105	0	0	0	0	0	0	0	0	3.5	1-Aug	2010
3.5	1-Aug	2011	143,105	143,105	0	0	0	0	0	0	0	0	4.0	1-Feb	2011
4.0	1-Feb	2012	143,105	143,105	0	0	0	0	0	0	0	0	4.5	1-Aug	2011
4.5	1-Aug	2012	143,105	143,105	0	0	0	0	0	0	0	0	5.0	1-Feb	2012
5.0	1-Feb	2013	143,105	143,105	0	0	0	0	0	0	0	0	5.5	1-Aug	2012
5.5	1-Aug	2013	143,105	143,105	0	0	0	0	0	0	0	0	6.0	1-Feb	2013
6.0	1-Feb	2014	143,105	831,833	(175,906)	512,823	278,942	(1,004)	(27,794)	(41,691)	208,453	129,020	6.5	1-Aug	2013
6.5	1-Aug	2014	143,105	831,833	(175,906)	512,823	278,942	(1,004)	(27,794)	(41,691)	208,453	253,980	7.0	1-Feb	2014
7.0	1-Feb	2015	143,105	840,152	(178,030)	519,017	282,311	(1,016)	(28,130)	(42,194)	210,971	376,467	7.5	1-Aug	2014
7.5	1-Aug	2015	143,105	840,152	(178,030)	519,017	282,311	(1,016)	(28,130)	(42,194)	210,971	495,099	8.0	1-Feb	2015
8.0	1-Feb	2016	143,105	848,553	(180,175)	525,273	285,714	(1,029)	(28,469)	(42,703)	213,514	611,382	8.5	1-Aug	2015
8.5	1-Aug	2016	143,105	848,553	(180,175)	525,273	285,714	(1,029)	(28,469)	(42,703)	213,514	724,005	9.0	1-Feb	2016
9.0	1-Feb	2017	143,105	857,039	(182,342)	531,592	289,151	(1,041)	(28,811)	(43,217)	216,083	834,395	9.5	1-Aug	2016
9.5	1-Aug	2017	143,105	857,039	(182,342)	531,592	289,151	(1,041)	(28,811)	(43,217)	216,083	941,310	10.0	1-Feb	2017
10.0	1-Feb	2018	143,105	865,609	(184,530)	537,974	292,623	(1,053)	(29,157)	(43,735)	218,677	1,046,103	10.5	1-Aug	2017
10.5	1-Aug	2018	143,105	865,609	(184,530)	537,974	292,623	(1,053)	(29,157)	(43,735)	218,677	1,147,597	11.0	1-Feb	2018
11.0	1-Feb	2019	143,105	874,265	(186,741)	544,420	296,129	(1,066)	(29,506)	(44,259)	221,297	1,247,074	11.5	1-Aug	2018
11.5	1-Aug	2019	143,105	874,265	(186,741)	544,420	296,129	(1,066)	(29,506)	(44,259)	221,297	1,343,421	12.0	1-Feb	2019
12.0	1-Feb	2020	143,105	883,008	(188,973)	550,930	299,670	(1,079)	(29,859)	(44,789)	223,943	1,437,850	12.5	1-Aug	2019
12.5	1-Aug	2020	143,105	883,008	(188,973)	550,930	299,670	(1,079)	(29,859)	(44,789)	223,943	1,529,307	13.0	1-Feb	2020
13.0	1-Feb	2021	143,105	891,838	(191,228)	557,505	303,247	(1,092)	(30,215)	(45,323)	226,616	1,618,942	13.5	1-Aug	2020
13.5	1-Aug	2021	143,105	891,838	(191,228)	557,505	303,247	(1,092)	(30,215)	(45,323)	226,616	1,705,756	14.0	1-Feb	2021
14.0	1-Feb	2022	143,105	900,756	(193,505)	564,146	306,859	(1,105)	(30,575)	(45,863)	229,316	1,790,839	14.5	1-Aug	2021
14.5	1-Aug	2022	143,105	900,756	(193,505)	564,146	306,859	(1,105)	(30,575)	(45,863)	229,316	1,873,243	15.0	1-Feb	2022
15.0	1-Feb	2023	143,105	909,764	(195,805)	570,854	310,507	(1,118)	(30,939)	(46,408)	232,042	1,954,003	15.5	1-Aug	2022
15.5	1-Aug	2023	143,105	909,764	(195,805)	570,854	310,507	(1,118)	(30,939)	(46,408)	232,042	2,032,221	16.0	1-Feb	2023
16.0	1-Feb	2024	143,105	918,862	(198,128)	577,628	314,192	(1,131)	(31,306)	(46,959)	234,796	2,108,875	16.5	1-Aug	2023
16.5	1-Aug	2024	143,105	918,862	(198,128)	577,628	314,192	(1,131)	(31,306)	(46,959)	234,796	2,183,117	17.0	1-Feb	2024
17.0	1-Feb	2025	143,105	928,050	(200,475)	584,471	317,914	(1,144)	(31,677)	(47,515)	237,577	2,255,874	17.5	1-Aug	2024
17.5	1-Aug	2025	143,105	928,050	(200,475)	584,471	317,914	(1,144)	(31,677)	(47,515)	237,577	2,326,340	18.0	1-Feb	2025
18.0	1-Feb	2026	143,105	937,331	(202,844)	591,381	321,673	(1,158)	(32,051)	(48,077)	240,386	2,395,396	18.5	1-Aug	2025
18.5	1-Aug	2026	143,105	937,331	(202,844)	591,381	321,673	(1,158)	(32,051)	(48,077)	240,386	2,462,277	19.0	1-Feb	2026
19.0	1-Feb	2027	143,105	946,704	(205,238)	598,361	325,470	(1,172)	(32,430)	(48,645)	243,223	2,527,818	19.5	1-Aug	2026
19.5	1-Aug	2027	143,105	946,704	(205,238)	598,361	325,470	(1,172)	(32,430)	(48,645)	243,223	2,591,296	20.0	1-Feb	2027
20.0	1-Feb	2028	143,105	956,171	(207,655)	605,411	329,304	(1,185)	(32,812)	(49,218)	246,089	2,653,500	20.5	1-Aug	2027
20.5	1-Aug	2028	143,105	956,171	(207,655)	605,411	329,304	(1,185)	(32,812)	(49,218)	246,089	2,713,746	21.0	1-Feb	2028
21.0	1-Feb	2029	143,105	965,733	(210,097)	612,531	333,177	(1,199)	(33,198)	(49,797)	248,983	2,772,783	21.5	1-Aug	2028
21.5	1-Aug	2029	143,105	965,733	(210,097)	612,531	333,177	(1,199)	(33,198)	(49,797)	248,983	2,829,960	22.0	1-Feb	2029
22.0	1-Feb	2030	143,105	975,390	(212,563)	619,722	337,089	(1,214)	(33,588)	(50,381)	251,906	2,885,988	22.5	1-Aug	2029
22.5	1-Aug	2030	143,105	975,390	(212,563)	619,722	337,089	(1,214)	(33,588)	(50,381)	251,906	2,940,253	23.0	1-Feb	2030
23.0	1-Feb	2031	143,105	985,144	(215,054)	626,986	341,039	(1,228)	(33,981)	(50,972)	254,859	2,993,425	23.5	1-Aug	2030
23.5	1-Aug	2031	143,105	985,144	(215,054)	626,986	341,039	(1,228)	(33,981)	(50,972)	254,859	3,044,924	24.0	1-Feb	2031
24.0	1-Feb	2032	143,105	994,995	(217,569)	634,321	345,030	(1,242)	(34,379)	(51,568)	257,841	3,095,385	24.5	1-Aug	2031
24.5	1-Aug	2032	143,105	994,995	(217,569)	634,321	345,030	(1,242)	(34,379)	(51,568)	257,841	3,144,258	25.0	1-Feb	2032
25.0	1-Feb	2033	143,105	1,004,945	(220,110)	641,731	349,060	(1,257)	(34,780)	(52,170)	260,852	3,192,146	25.5	1-Aug	2032
25.5	1-Aug	2033	143,105	1,004,945	(220,110)	641,731	349,060	(1,257)	(34,780)	(52,170)	260,852	3,238,526	26.0	1-Feb	2033
			<b>Totals</b>		<b>(7,893,938)</b>		<b>12,556,951</b>	<b>(45,066)</b>	<b>(1,247,314)</b>	<b>(1,870,971)</b>	<b>9,354,853</b>				
<b>Present Value</b>							<b>6,388,790</b>	<b>(23,000)</b>	<b>(861,709)</b>	<b>(954,869)</b>		<b>3,238,526</b>			

- NOTES:**
1. State Auditor payment is based upon 1st half, pay 2006 actual and may increase over term of district
  2. TIF run does not reflect potential reduction in Market Value Homestead Credit
  3. Amount of increment will vary depending upon market value, tax rates, class rates, construction schedule and inflation on Market Value.
  4. Inflation on tax rates cannot be captured.
  5. TIF does not capture state wide property taxes or market value property taxes



APPENDIX E

MINNESOTA BUSINESS ASSISTANCE FORM  
(MINNESOTA DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT)

APPENDIX F

FINDINGS AND BUT/FOR QUALIFICATIONS

<b>But-For Analysis</b>	
Current Market Value	41,513,600
New Market Value - Estimate	310,000,000
Difference	268,486,400
Present Value of Tax Increment	45,943,843
Difference	222,542,557
<b>Value Likely to Occur Without TIF is Less Than:</b>	<b>222,542,557</b>

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

1. *Finding that the Cedar Avenue Tax Increment Financing District is a redevelopment district as defined in the Laws of Minnesota 2005, Chapter 152, Article 2, Section 25.*

*Sec. 25. [CITY OF RICHFIELD; TAX INCREMENT FINANCING DISTRICT.]*

*Subdivision 1. [AUTHORIZATION.]*

*The City of Richfield may create a tax increment financing district consisting of an area lying west of Trunk Highway 77 extending: to 16<sup>th</sup> Avenue between Crosstown Highway 62 and 66<sup>th</sup> Street; to 17<sup>th</sup> Avenue between 66<sup>th</sup> and 69<sup>th</sup> Streets; and to 18<sup>th</sup> Avenue between 69<sup>th</sup> and 72<sup>nd</sup> Streets. The City or its Housing and Redevelopment Authority may be the authority for the purposes of Minnesota Statutes, sections 469.174 to 469.179.*

*Subd. 2. [DISTRICT IS REDEVELOPMENT DISTRICT.]*

*The redevelopment tax increment district created pursuant to subdivision 1 is deemed to be a redevelopment district and is subject to Minnesota Statutes, sections 469.174 to 469.179, except that:*

*(1) expenditures for activities as defined in Minnesota Statutes, section 469.1763, subdivision 1, paragraph (b), anywhere in the district are deemed to be the costs of correcting conditions that allow the designation of redevelopment districts pursuant to Minnesota Statutes, section 469.174, subdivision 10; and*

*(2) the five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, does not apply.*

*[EFFECTIVE DATE.] This section received local approval by the City of Richfield on June 28, 2005 in*

*compliance with Minnesota Statutes, section 645.021.*

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan.*

*The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future:* This finding is supported by the fact that the redevelopment proposed in the TIF Plan meets the City's objectives for redevelopment. Due to the high cost of redevelopment on the parcels because of their location in a noise impacted area, and the cost of financing the proposed improvements, this project is feasible only through assistance, in part, from tax increment financing.

*The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan:* This finding is justified on the grounds that the cost of site improvements and utilities add to the total redevelopment cost. Historically, due to the extra cost of sound mitigation and site improvements costs in this area have made redevelopment infeasible without tax increment assistance. This is also the basis for the Special TIF Statute by the State for this TIF District. Therefore, the City reasonably determines that no other redevelopment of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

A comparative analysis of estimated market values both with and without establishment of the District and the use of tax increments has been performed as described above. If all development which is proposed to be assisted with tax increment were to occur in the District, the total increase in market value would be up to \$268,486,400. The present value of tax increments from the District is estimated to be \$47,049,903. It is the Council's finding that no development with a market value of greater than \$221,436,497 would occur without tax increment assistance in this district within 25 years. This finding is based upon evidence from general past experience with the high cost of acquisition and public improvements in the general area of the District. (See Cashflow in Appendix D of the TIF Plan.)

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

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

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

The project to be assisted by the District will result in increased employment in the City and the State of Minnesota, the renovation of substandard properties, increased tax base of the State and add a high quality development to the City.

APPENDIX G  
PRIOR IMPROVEMENTS

APPENDIX H

Laws of Minnesota 2005, Chapter 152, Article 2, Section 25

Sec. 25. [CITY OF RICHFIELD; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [AUTHORIZATION.] The city of Richfield may create a tax increment financing district consisting of an area lying west of Trunk Highway 77 extending: to 16th Avenue between Crosstown Highway 62 and 66th Street; to 17th Avenue between 66th and 69th Streets; and to 18th Avenue between 69th and 72nd Streets. The city or its housing and redevelopment authority may be the authority for the purposes of Minnesota Statutes, sections 469.174 to 469.179.

Subd. 2. [DISTRICT IS REDEVELOPMENT DISTRICT.] The redevelopment tax increment district created pursuant to subdivision 1 is deemed to be a redevelopment district and is subject to Minnesota Statutes, sections 469.174 to 469.179, except that:

(1) expenditures for activities as defined in Minnesota Statutes, section 469.1763, subdivision 1, paragraph (b), anywhere in the district are deemed to be the costs of correcting conditions that allow the designation of redevelopment districts pursuant to Minnesota Statutes, section 469.174, subdivision 10; and

(2) the five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, does not apply.

[EFFECTIVE DATE.] This section is effective upon local approval by the city of Richfield in compliance with Minnesota Statutes, section 645.021.

**APPENDIX I**

**2017 SPECIAL LEGISLATION**

*Minnesota Laws 2017, First Special Session, Chapter 1, Article 6, Section 18* is as follows:

**Sec. 18. CITY OF RICHFIELD; EXTENSION OF CEDAR AVENUE TIF DISTRICT.**

Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, or any other law to the contrary, the city of Richfield and the Housing and Redevelopment Authority in and for the city of Richfield may elect to extend the duration limit of the redevelopment tax increment financing district known as the Cedar Avenue Tax Increment Financing District established by Laws 2005, chapter 152, article 2, section 25, by ten years.

**EFFECTIVE DATE.** This section is effective upon compliance by the governing bodies of the city of Richfield, Hennepin County and Independent School District No. 280 with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2; and 645.021, subdivisions 2 and 3.



*As of November 16, 2017  
Draft for Public Hearing*

**Modification to the Redevelopment Plan  
for the Richfield Redevelopment Project Area**

**and the**

**Tax Increment Financing Plan**

**for the establishment of**

**Tax Increment Financing District No. 2017-1 (The Chamberlain)  
(a housing district)**

**within**

**the Richfield Redevelopment Project Area**

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

Public Hearing: November 28, 2017  
Adopted:



Prepared by: EHLERS & ASSOCIATES, INC.  
3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105  
651-697-8500 fax: 651-697-8555 www.ehlers-inc.com

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Appendix F  
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***Section 1 - Modification to the Redevelopment Plan  
for the Richfield Redevelopment Project Area***

**Foreword**

The following text represents a Modification to the Redevelopment Plan for the Richfield Redevelopment Project Area. This modification represents a continuation of the goals and objectives set forth in the Redevelopment Plan for the Richfield Redevelopment Project Area. Generally, the substantive changes include the establishment of Tax Increment Financing District No. 2017-1 (The Chamberlain) within the Richfield Redevelopment Project Area.

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

## **Section 2 - Tax Increment Financing Plan for Tax Increment Financing District No. 2017-1 (The Chamberlain)**

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

The Richfield Housing and Redevelopment Authority (the "HRA"), the City of Richfield (the "City"), staff and consultants have prepared the following information to expedite the establishment of Tax Increment Financing District No. 2017-1 (The Chamberlain) (the "District"), a housing tax increment financing district, located in the Richfield 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. To this end, the HRA and City have certain statutory powers pursuant to *Minnesota Statutes ("M.S.")*, Sections 469.001 to 469.047, inclusive, as amended, and *M.S.*, Sections 469.174 to 469.1794, inclusive, as amended (the "Tax Increment Financing Act" or "TIF Act"), to assist in financing public costs related to this project.

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Redevelopment Plan for the Richfield Redevelopment Project Area.

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

The District currently consists of 31 parcels of land and adjacent and internal rights-of-way. The District is being created to facilitate the construction of 316 mixed-income apartments in the City, which includes rehabilitating 33 existing apartment units and constructing 283 new apartment units. The development will reserve 20 percent of the units (63 units) to be affordable to households with incomes at or below 50 percent of area median income. Please see Appendix A for further District information. The HRA approved a development agreement with Chamberlain Apartments, LLC on October 16, 2017. After the August 28, 2017 meeting, new changes were required so a new approval was completed on October 16, 2017. Development is anticipated to begin in the first quarter of 2018 and be complete by the end of 2020. This TIF Plan is expected to achieve many of the objectives outlined in the Redevelopment Plan for the Richfield 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 Richfield Redevelopment Project Area and the District.

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

1. Property to be Acquired - The HRA or City currently owns 27 parcels of property within the District. The HRA intends to purchase another parcel with the District in 2017. The remaining property located within the District may be acquired by the HRA or City and is further described in this TIF Plan.
2. Relocation - Relocation services, to the extent required by law, are available pursuant to *M.S.*, Chapter 117 and other relevant state and federal laws.
3. Upon approval of a developer's plan relating to the project and completion of the necessary

legal requirements, the HRA or City may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.

4. The HRA or City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.

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

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

The HRA or City may acquire any parcel within the District including interior and adjacent street rights of way. Any properties identified for acquisition will be acquired by the HRA or City only in order to accomplish one or more of the following: construction of storm sewer improvements; provide land for needed public streets, utilities and facilities; and to carry out land acquisition, site improvements, clearance and/or development to accomplish the uses and objectives set forth in this 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 469.1799*, 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.*

*(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 31 parcels.
- The development will consist of 316 units of multi-family rental housing.
- 20% of the units will be reserved for occupancy by persons with incomes less than 50% of area 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). The HRA or City elects to receive the first tax increment in 2020, 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 2045, 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 2017 for taxes payable 2018.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2020) 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 2018, assuming the request for certification is made before June 30, 2018. 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 Richfield 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 2020. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

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<b>Project Estimated Tax Capacity upon Completion (PTC)</b>	<b>\$1,103,790</b>	
<b>Original Estimated Net Tax Capacity (ONTC)</b>	<b>\$63,988</b>	
<b>Estimated Captured Tax Capacity (CTC)</b>	<b>\$1,039,802</b>	
<b>Original Local Tax Rate</b>	<b>1.40604</b>	Pay 2017
<b>Estimated Annual Tax Increment (CTC x Local Tax Rate)</b>	<b>\$1,462,003</b>	
<b>Percent Retained by the HRA</b>	<b>100%</b>	

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Tax capacity includes a 3% 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 \$192,913.

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. Sources of Revenue/Bonds to be Issued**

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 as a result of the TIF Plan. As presently proposed, the projects within the District will be financed by a pay-as-you-go note and interfund loan but the HRA reserves the right to issue bonds in any form as authorized under the TIF Act. 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 total estimated tax increment revenues for the District are shown in the table below:

<u>SOURCES OF FUNDS</u>	<u>TOTAL</u>
Tax Increment	\$25,586,527
<u>Interest</u>	<u>\$2,558,653</u>
<b>TOTAL</b>	<b>\$28,145,180</b>

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 \$17,920,685. 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.

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

Currently under consideration for the District is a proposal to facilitate the construction of 316 mixed-income apartment units. 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 on the following page.

<u>USES OF TAX INCREMENT FUNDS</u>	<u>TOTAL</u>
Land/Building Acquisition	\$5,100,000
Site Improvements/Preparation	\$750,000
Utilities	\$750,000
Affordable Housing	\$8,250,000
Other Qualifying Improvements	\$512,032
<u>Administrative Costs (up to 10%)</u>	<u>\$2,558,653</u>
PROJECT COST TOTAL	\$17,920,685
<u>Interest</u>	<u>\$10,224,495</u>
<b>PROJECT AND INTEREST COSTS TOTAL</b>	<b>\$28,145,180</b>

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

Estimated costs associated with the District are subject to change among categories without a modification to this TIF Plan. 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 HRA will choose 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 *Section 469.177, Subd. 3* of the TIF Act:

*(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**

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 © (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.

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. 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.

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

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

<b>IMPACT ON TAX BASE</b>			
	<b>Estimated 2017/Pay 2018 Total Net Tax Capacity</b>	<b>Estimated Captured Tax Capacity (CTC) Upon Completion</b>	<b>Percent of CTC to Entity Total</b>
Hennepin County	1,691,017,124	1,039,802	<b>0.0615%</b>
City of Richfield	30,179,862	1,039,802	<b>3.4454%</b>
Richfield Public ISD No. 280	43,840,919	1,039,802	<b>2.3718%</b>

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**IMPACT ON TAX RATES**

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	<u>Pay 2017 Extension Rates</u>	<u>Percent of Total</u>	<u>CTC</u>	<u>Potential Taxes</u>
Hennepin County	0.440870	31.36%	1,039,802	<b>458,418</b>
City of Richfield	0.584060	41.54%	1,039,802	<b>607,307</b>
Richfield Public ISD No. 280	0.270540	19.24%	1,039,802	<b>281,308</b>
Other	<u>0.110570</u>	<u>7.86%</u>	<u>1,039,802</u>	<u><b>114,971</b></u>
<b>Total</b>	1.406040	100.00%		<b>1,462,003</b>

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the actual Pay 2017 rate. The total net capacity for the entities listed above are based on estimated Pay 2018 figures. The District will be certified under the actual Pay 2018 rates and figures, 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 \$25,586,527;
- (2) Probable impact of the District on city provided services and ability to issue debt. A minimal impact of the District on police protection is expected. The City does track all calls for service including property-type calls and crimes. With any addition of new residents or businesses, police calls for service will be increased. New developments add an increase in traffic, and additional overall demands to the call load. The City believes there is a slight possibility that the proposed development, in and of itself, will necessitate new capital investment in vehicles.

The probable impact of the District on fire protection is not expected to be significant. Typically new buildings generate few calls, if any, and are of superior construction. The existing buildings are several non-sprinkled single family homes that are being replaced by three fully sprinkled multi-family homes.

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 the additional volume generated from the proposed development. Based on the 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 \$705,740 in sanitary sewer (SAC) and water (WAC) connection fees.

The probable impact of any District general obligation tax increment bonds on the ability to issue debt for general fund purposes is expected to be minimal. 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. It is estimated that 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 \$4,922,848;
- (4) Estimated amount of tax increment attributable to county levies. It is estimated that 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 \$8,023,935;
- (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.

No requests for additional information from the county or school district regarding the proposed development for the District have been received.

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

Pursuant to *M.S. Section 469.175, Subd. 1 (a), clause 7* the TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S. Section 469.175, Subd. 3, clause (b)(2)* and the findings 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:

- Cedar Avenue Corridor Master Plan (2016)
- City of Richfield Comprehensive Plan (2007)
- Cedar Avenue Corridor Redevelopment Concept Master Plan (2004)

### **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; and
6. The market value homestead credit paid to the Authority under *M.S., Section 273.1384*.

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

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

1. Reduction or enlargement of the geographic area of the District, if the reduction does not meet the requirements of *M.S., Section 469.175, Subd. 4(e)*;

2. Increase in amount of bonded indebtedness to be incurred;
3. A determination to capitalize interest on debt if that determination was not a part of the original TIF Plan;
4. Increase in the portion of the captured net tax capacity to be retained by the HRA or City;
5. Increase in the estimate of the cost of the District, including administrative expenses, that will be paid or financed with tax increment from the District; or
6. Designation of additional property to be acquired by the HRA or City,

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

Pursuant to *M.S. Section 469.175 Subd. 4(f)*, the geographic area of the District may be reduced, but shall not be enlarged after five years following the date of certification of the original net tax capacity by the county auditor. If a 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).

For districts for which the request for certification were made before August 1, 1979, or after June 30, 1982, and before August 1, 2001, administrative expenses also include amounts paid for services provided by bond counsel, fiscal consultants, and planning or economic development consultants. 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.

For districts for which certification was requested after July 31, 2001, no tax increment may be used to pay

any administrative expenses for District costs which exceed ten percent of total estimated tax increment expenditures authorized by the TIF Plan or the total tax increments, as defined in *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 .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 November 2021 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 Richfield 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 Richfield 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 to the developer(s) annually an amount not to exceed an amount as specified in a developer's agreement to reimburse the costs of land acquisition, public improvements, demolition and relocation, site preparation, and administration. Remaining increment funds will be used for HRA or City administration (up to 10 percent) and for the costs of public improvement activities 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.

The HRA or City 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 Richfield Redevelopment Project Area or the District.

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

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

Pursuant to *M.S., Section 469.176, Subd. 5*, no more than 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 Community Development Director.

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

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

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

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

As required by the TIF Act, in establishing the District, the determination has been made that the anticipated development would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax



increments for the maximum duration of the District permitted by the TIF Plan. In making said determination, reliance has been placed upon written representation made by the developer to such effects and upon HRA and City staff awareness of the feasibility of developing the project site(s) within the District. A comparative analysis of estimated market values both with and without establishment of the District and the use of tax increments has been performed as described above. Such analysis is included with the cashflow in Appendix D, and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the District and the use of tax increments.

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

1. General Limitations. All revenue derived from tax increment shall be used in accordance with the TIF Plan. The revenues shall be used to finance, or otherwise pay public redevelopment costs of the Richfield 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 revenues derived from tax increments paid by properties in 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 Richfield 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.

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

The Richfield Housing and Redevelopment Authority is establishing the District to provide an impetus for residential development and 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

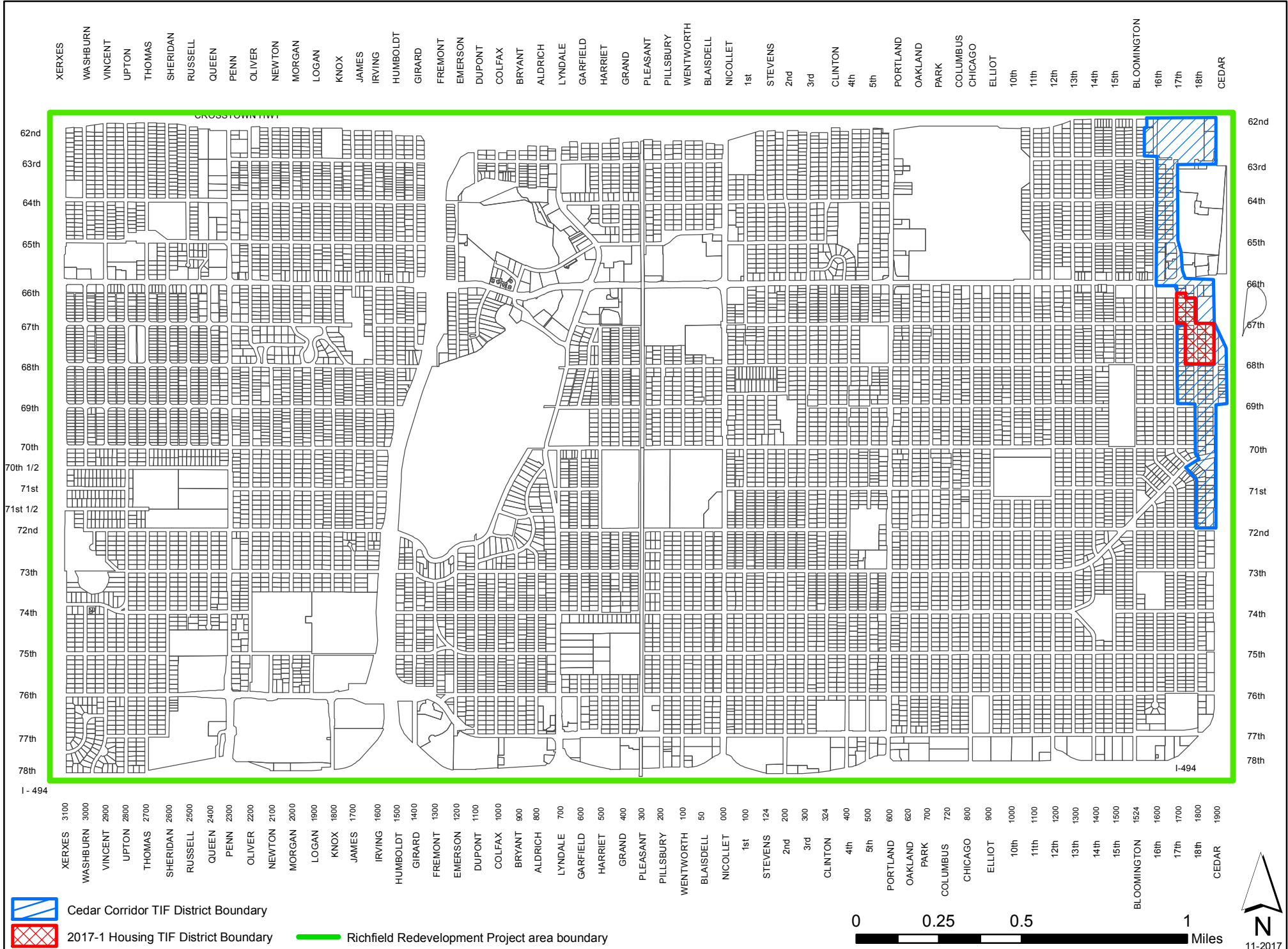
### Project Description

Chamberlain Apartments, LLC intends to redevelop the parcels in the District into a mixed-income housing projects with a total of 316 apartment units that includes rehabilitating three existing buildings with a total of 33 apartment units and constructing three new buildings with a total of 283 apartment units. The new apartments will include underground parking. The development will reserve 20% of the units (63 units) to be affordable to households at or below 50% of area median income. The Developer will construct a new public road through the site. Construction is anticipated to start in the first quarter of 2018 and be completed by the end of 2020.

## Appendix B

### Maps of the Richfield Redevelopment Project Area and the District

# CEDAR CORRIDOR AND 2017-1 HOUSING TIF DISTRICTS



## Appendix C

### Description of Property to be Included in the District

The District encompasses all property and adjacent rights-of-way and abutting roadways identified by the parcels listed below.

<u>Parcel Numbers</u>	<u>Address</u>	<u>Owner</u>
26-028-24-41-0067	6620 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0068	6626 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0069	6632 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0070	6638 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0071	6644 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0072	6645 17 <sup>th</sup> Ave S	HRA
26-028-24-41-0073	6639 17 <sup>th</sup> Ave S	HRA
26-028-24-41-0074	6633 17 <sup>th</sup> Ave S	HRA
26-028-24-41-0075	6627 17 <sup>th</sup> Ave S	HRA
26-028-24-41-0076	6621 17 <sup>th</sup> Ave S	HRA
26-028-24-41-0077	6615 17 <sup>th</sup> Ave S	HRA
26-028-24-41-0080	6700 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0081	6708 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0082	6714 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0083	6720 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0084	6726 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0085	6732 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0086	6738 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0087	6744 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0096	6700 Cedar Ave S	HRA
26-028-24-41-0097	6720 Cedar Ave S	Cedar South Pointe LLC
26-028-24-41-0098	6730 Cedar Ave S	Cedar South Pointe LLC
26-028-24-41-0099	6744 Cedar Ave S	Cedar South Pointe LLC
26-028-24-41-0100	6745 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0101	6739 18 <sup>th</sup> Ave S	HRA

26-028-24-41-0102	6733 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0103	6727 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0104	6721 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0105**	6715 18 <sup>th</sup> Ave S	Richfield Apartments LLC
26-028-24-41-0106	6709 18 <sup>th</sup> Ave S	HRA
26-028-24-41-0107	6701 18 <sup>th</sup> Ave S	HRA

\*All of the listed parcels are currently in the Cedar Avenue Tax Increment Financing District and will be removed for inclusion in the District.

\*\* The HRA plans to purchase 6715 18<sup>th</sup> Ave South in 2017.

Appendix D

Estimated Cash Flow for the District



### The Chamberlain Apts (2017-1 Housing)

City of Richfield

316 Mixed Income Apts

#### ASSUMPTIONS AND RATES

<b>DistrictType:</b>	Housing
<b>District Name/Number:</b>	
<b>County District #:</b>	
<b>First Year Construction or Inflation on Value</b>	<b>2018</b>
<b>Existing District - Specify No. Years Remaining</b>	
Inflation Rate - Every Year:	3.00%
Interest Rate:	4.00%
Present Value Date:	1-Aug-19
First Period Ending	1-Feb-20
Tax Year District was Certified:	Pay 2018
Cashflow Assumes First Tax Increment For Development:	2020
Years of Tax Increment	26
Assumes Last Year of Tax Increment	2045
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	Inside(B)
Incremental or Total Fiscal Disparities	Incremental
Fiscal Disparities Contribution Ratio	34.3809% Pay 2017
Fiscal Disparities Metro-Wide Tax Rate	150.0490% Pay 2017
Maximum/Frozen Local Tax Rate:	140.604% Pay 2017
Current Local Tax Rate: (Use lesser of Current or Max.)	140.604% Pay 2017
State-wide Tax Rate (Comm./Ind. only used for total taxes)	45.8020% Pay 2017
Market Value Tax Rate (Used for total taxes)	0.12679% Pay 2017

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 \$115,000		0.75%
Over \$115,000		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
	26-028-24-41-0067	RA City of Richfi	6620 18th Ave. S.	2,547,000		2,547,000	100%	2,547,000	Pay 2018	Exempt	-	Rental	31,838	A
	26-028-24-41-0068	RA City of Richfi	6626 18th Ave. S.		0	0	100%	0	Pay 2018	Exempt	-	Rental	-	A
	26-028-24-41-0069	RA City of Richfi	6632 18th Ave. S.		0	0	100%	0	Pay 2018	Exempt	-	Rental	-	A
	26-028-24-41-0070	RA City of Richfi	6638 18th Ave. S.		0	0	100%	0	Pay 2018	Exempt	-	Rental	-	A
	26-028-24-41-0071	RA City of Richfi	6644 18th Ave. S.		0	0	100%	0	Pay 2018	Exempt	-	Rental	-	A
	26-028-24-41-0072	RA City of Richfi	6645 18th Ave. S.		0	0	100%	0	Pay 2018	Exempt	-	Rental	-	A
	26-028-24-41-0073	RA City of Richfi	6639 18th Ave. S.		0	0	100%	0	Pay 2018	Exempt	-	Rental	-	A
	26-028-24-41-0074	RA City of Richfi	6633 18th Ave. S.		0	0	100%	0	Pay 2018	Exempt	-	Rental	-	A
	26-028-24-41-0075	RA City of Richfi	6627 18th Ave. S.		0	0	100%	0	Pay 2018	Exempt	-	Rental	-	A
	26-028-24-41-0076	RA City of Richfi	6621 18th Ave. S.		0	0	100%	0	Pay 2018	Exempt	-	Rental	-	A
	26-028-24-41-0077	RA City of Richfi	6615 18th Ave. S.		0	0	100%	0	Pay 2018	Exempt	-	Rental	-	A
	26-028-24-41-0080	RA City of Richfi	6700 18th Ave. S.		0	0	100%	0	Pay 2018	Exempt	-	Rental	-	B
	26-028-24-41-0081	RA City of Richfi	6708 18th Ave. S.		0	0	100%	0	Pay 2018	Exempt	-	Rental	-	B
	26-028-24-41-0082	RA City of Richfi	6714 18th Ave. S.		0	0	100%	0	Pay 2018	Exempt	-	Rental	-	B
	26-028-24-41-0083	RA City of Richfi	6720 18th Ave. S.		0	0	100%	0	Pay 2018	Exempt	-	Rental	-	B
	26-028-24-41-0084	RA City of Richfi	6726 18th Ave. S.		0	0	100%	0	Pay 2018	Exempt	-	Rental	-	B
	26-028-24-41-0085	RA City of Richfi	6732 18th Ave. S.		0	0	100%	0	Pay 2018	Exempt	-	Rental	-	B
	26-028-24-41-0086	RA City of Richfi	6738 18th Ave. S.		0	0	100%	0	Pay 2018	Exempt	-	Rental	-	B
	26-028-24-41-0087	RA City of Richfi	6744 18th Ave. S.		0	0	100%	0	Pay 2018	Exempt	-	Rental	-	B
	26-028-24-41-0100	RA City of Richfi	6745 18th Ave. S.		0	0	100%	0	Pay 2018	Exempt	-	Rental	-	C
	26-028-24-41-0101	RA City of Richfi	6739 18th Ave. S.		0	0	100%	0	Pay 2018	Exempt	-	Rental	-	C
	26-028-24-41-0102	RA City of Richfi	6733 18th Ave. S.		0	0	100%	0	Pay 2018	Exempt	-	Rental	-	C
	26-028-24-41-0103	RA City of Richfi	6727 18th Ave. S.		0	0	100%	0	Pay 2018	Exempt	-	Rental	-	C
	26-028-24-41-0104	RA City of Richfi	6721 18th Ave. S.		0	0	100%	0	Pay 2018	Exempt	-	Rental	-	C
	26-028-24-41-0105	field Apartments	6715 18th Ave. S.	76,000	105,000	181,000	100%	181,000	Pay 2018	Hmstd. Res.	1,810	Rental	2,263	C
	26-028-24-41-0106	RA City of Richfi	6709 18th Ave. S.		0	0	100%	0	Pay 2018	Exempt	-	Rental	-	C
	26-028-24-41-0107	RA City of Richfi	6701 18th Ave. S.		0	0	100%	0	Pay 2018	Exempt	-	Rental	-	C
	26-028-24-41-0096	RA City of Richfi	6700 Cedar Ave. S.		0	0	100%	0	Pay 2018	Exempt	-	Rental	-	D
	26-028-24-41-0097	ar South Pointe	3720 Cedar Ave. S	132,000	665,000	797,000	100%	797,000	Pay 2018	Rental	9,963	Rental	9,963	D
	26-028-24-41-0098	ar South Pointe	3730 Cedar Ave. S	132,000	665,000	797,000	100%	797,000	Pay 2018	Rental	9,963	Rental	9,963	D
	26-028-24-41-0099	ar South Pointe	3744 Cedar Ave. S	132,000	665,000	797,000	100%	797,000	Pay 2018	Rental	9,963	Rental	9,963	D
				3,019,000	2,100,000	5,119,000		5,119,000			31,698		63,988	

**Note:**

1. HRA-owned property assumes a value of \$9,000 per new unit for 283 units based on discussions with County Assessor on 8-23-17. The \$2,547,000 value represents the base value for all HRA owned property. The Hennepin County Assessor will allocate the value to the HRA owned parcels as necessary. Remaining base values per County website on 8-21-17.





**The Chamberlain Apts (2017-1 Housing)**  
 City of Richfield  
 316 Mixed Income Apts

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 2018	Percentage Completed 2019	Percentage Completed 2020	Percentage Completed 2021	First Year Full Taxes Payable
A	Apartments	143,000	143,000	93	13,299,000	Rental	166,238	1,788	60%	100%	100%	100%	2021
B	Apartments	143,000	143,000	95	13,585,000	Rental	169,813	1,788	40%	100%	100%	100%	2021
C	Apartments	143,000	143,000	95	13,585,000	Rental	169,813	1,788	0%	60%	100%	100%	2022
D	Apartments	102,000	102,000	33	3,366,000	Rental	42,075	1,275	60%	100%	100%	100%	2021
<b>TOTAL</b>					<b>43,835,000</b>		<b>547,938</b>						
<b>Subtotal Residential</b>				<b>316</b>	<b>43,835,000</b>		<b>547,938</b>						
<b>Subtotal Commercial/Ind.</b>				<b>0</b>	<b>0</b>		<b>0</b>						

**Note:**

1. Est. Market Value per County Assessor on 8-23-17.

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	166,238	0	166,238	233,737	0	0	16,862	250,598	2,694.61
Apartments	169,813	0	169,813	238,763	0	0	17,224	255,988	2,694.61
Apartments	169,813	0	169,813	238,763	0	0	17,224	255,988	2,694.61
Apartments	42,075	0	42,075	59,159	0	0	4,268	63,427	1,922.03
<b>TOTAL</b>	<b>547,938</b>	<b>0</b>	<b>547,938</b>	<b>770,422</b>	<b>0</b>	<b>0</b>	<b>55,578</b>	<b>826,000</b>	

**Note:**

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

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	826,000
less State-wide Taxes	0
less Fiscal Disp. Adj.	0
less Market Value Taxes	(55,578)
less Base Value Taxes	(89,969)
<b>Annual Gross TIF</b>	<b>680,453</b>



The Chamberlain Apts (2017-1 Housing)  
City of Richfield  
316 Mixed Income Apts

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. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date	
100%	192,913	(63,988)	-	128,925	140.604%	181,274	90,637	(326)	(9,031)	81,280	78,123	0.5	2020	08/01/20	
100%	480,013	(63,988)	-	416,025	140.604%	584,948	90,637	(326)	(9,031)	81,280	154,715	1	2020	02/01/21	
100%	559,281	(63,988)	-	495,294	140.604%	696,403	292,474	(1,053)	(29,142)	262,279	397,020	1.5	2021	08/01/21	
100%	576,060	(63,988)	-	512,072	140.604%	719,994	292,474	(1,053)	(29,142)	262,279	634,574	2	2021	02/01/22	
100%	593,341	(63,988)	-	529,354	140.604%	744,293	348,201	(1,254)	(34,695)	312,253	911,846	2.5	2022	08/01/22	
100%	611,142	(63,988)	-	547,154	140.604%	769,321	348,201	(1,254)	(34,695)	312,253	1,183,681	3	2022	02/01/23	
100%	629,476	(63,988)	-	565,488	140.604%	795,099	359,997	(1,296)	(35,870)	322,831	1,459,214	3.5	2023	08/01/23	
100%	648,360	(63,988)	-	584,373	140.604%	821,651	359,997	(1,296)	(35,870)	322,831	1,729,344	4	2023	02/01/24	
100%	667,811	(63,988)	-	603,824	140.604%	849,000	372,146	(1,340)	(37,081)	333,726	2,003,116	4.5	2024	08/01/24	
100%	687,845	(63,988)	-	623,858	140.604%	877,169	372,146	(1,340)	(37,081)	333,726	2,271,520	5	2024	02/01/25	
100%	708,481	(63,988)	-	644,493	140.604%	906,183	384,660	(1,385)	(38,328)	344,948	2,543,509	5.5	2025	08/01/25	
100%	729,735	(63,988)	-	665,748	140.604%	936,068	384,660	(1,385)	(38,328)	344,948	2,810,165	6	2025	02/01/26	
100%	751,627	(63,988)	-	687,640	140.604%	966,849	397,550	(1,431)	(39,612)	356,507	3,080,352	6.5	2026	08/01/26	
100%	774,176	(63,988)	-	710,189	140.604%	998,554	397,550	(1,431)	(39,612)	356,507	3,345,242	7	2026	02/01/27	
100%	797,401	(63,988)	-	733,414	140.604%	1,031,209	410,826	(1,479)	(40,935)	368,412	3,613,610	7.5	2027	08/01/27	
100%	821,323	(63,988)	-	757,336	140.604%	1,064,845	410,826	(1,479)	(40,935)	368,412	3,876,716	8	2027	02/01/28	
100%	845,963	(63,988)	-	781,976	140.604%	1,099,489	424,500	(1,528)	(42,297)	380,675	4,143,249	8.5	2028	08/01/28	
100%	871,342	(63,988)	-	807,354	140.604%	1,135,173	424,500	(1,528)	(42,297)	380,675	4,404,556	9	2028	02/01/29	
100%	897,482	(63,988)	-	833,495	140.604%	1,171,927	438,585	(1,579)	(43,701)	393,305	4,669,239	9.5	2029	08/01/29	
100%	924,407	(63,988)	-	860,419	140.604%	1,209,784	438,585	(1,579)	(43,701)	393,305	4,928,732	10	2029	02/01/30	
100%	952,139	(63,988)	-	888,151	140.604%	1,248,776	453,092	(1,631)	(45,146)	406,314	5,191,552	10.5	2030	08/01/30	
100%	980,703	(63,988)	-	916,716	140.604%	1,288,939	453,092	(1,631)	(45,146)	406,314	5,449,219	11	2030	02/01/31	
100%	1,010,124	(63,988)	-	946,137	140.604%	1,330,306	468,034	(1,685)	(46,635)	419,714	5,710,164	11.5	2031	08/01/31	
100%	1,040,428	(63,988)	-	976,440	140.604%	1,372,914	468,034	(1,685)	(46,635)	419,714	5,965,993	12	2031	02/01/32	
100%	1,071,641	(63,988)	-	1,007,653	140.604%	1,416,801	483,424	(1,740)	(48,168)	433,516	6,225,053	12.5	2032	08/01/32	
100%	1,103,790	(63,988)	-	1,039,802	140.604%	1,462,004	483,424	(1,740)	(48,168)	433,516	6,479,034	13	2032	02/01/33	
100%							499,277	(1,797)	(49,748)	447,731	6,736,199	13.5	2033	08/01/33	
100%							499,277	(1,797)	(49,748)	447,731	6,988,322	14	2033	02/01/34	
100%							515,605	(1,856)	(51,375)	462,374	7,243,585	14.5	2034	08/01/34	
100%							515,605	(1,856)	(51,375)	462,374	7,493,843	15	2034	02/01/35	
100%							532,422	(1,917)	(53,051)	477,455	7,747,197	15.5	2035	08/01/35	
100%							532,422	(1,917)	(53,051)	477,455	7,995,582	16	2035	02/01/36	
100%							549,744	(1,979)	(54,777)	492,989	8,247,021	16.5	2036	08/01/36	
100%							549,744	(1,979)	(54,777)	492,989	8,493,529	17	2036	02/01/37	
100%							567,586	(2,043)	(56,554)	508,989	8,743,047	17.5	2037	08/01/37	
100%							567,586	(2,043)	(56,554)	508,989	8,987,672	18	2037	02/01/38	
100%							585,963	(2,109)	(58,385)	525,469	9,235,266	18.5	2038	08/01/38	
100%							585,963	(2,109)	(58,385)	525,469	9,478,006	19	2038	02/01/39	
100%							604,892	(2,178)	(60,271)	542,443	9,723,673	19.5	2039	08/01/39	
100%							604,892	(2,178)	(60,271)	542,443	9,964,523	20	2039	02/01/40	
100%							624,388	(2,248)	(62,214)	559,926	10,208,261	20.5	2040	08/01/40	
100%							624,388	(2,248)	(62,214)	559,926	10,447,220	21	2040	02/01/41	
100%							644,469	(2,320)	(64,215)	577,934	10,689,028	21.5	2041	08/01/41	
100%							644,469	(2,320)	(64,215)	577,934	10,926,095	22	2041	02/01/42	
100%							665,153	(2,395)	(66,276)	596,483	11,165,973	22.5	2042	08/01/42	
100%							665,153	(2,395)	(66,276)	596,483	11,401,147	23	2042	02/01/43	
100%							686,457	(2,471)	(68,399)	615,587	11,639,095	23.5	2043	08/01/43	
100%							686,457	(2,471)	(68,399)	615,587	11,872,377	24	2043	02/01/44	
100%							708,400	(2,550)	(70,585)	635,265	12,108,395	24.5	2044	08/01/44	
100%							708,400	(2,550)	(70,585)	635,265	12,339,786	25	2044	02/01/45	
100%							731,002	(2,632)	(72,837)	655,533	12,573,878	25.5	2045	08/01/45	
100%							731,002	(2,632)	(72,837)	655,533	12,803,379	26	2045	02/01/46	
<b>Total</b>							<b>25,678,972</b>	<b>(92,444)</b>	<b>(2,558,653)</b>	<b>23,027,875</b>					
<b>Present Value From 08/01/2019 Present Value Rate 4.00%</b>							<b>14,277,376</b>	<b>(51,399)</b>	<b>(1,422,598)</b>	<b>12,803,379</b>					

## Appendix E

### Housing Qualifications for the District

<b>INCOME RESTRICTIONS - ADJUSTED FOR FAMILY SIZE (HOUSING DISTRICT) - HENNEPIN COUNTY HENNEPIN COUNTY MEDIAN INCOME: \$90,400</b>		
No. of Persons	50% of Median Income	60% of Median Income
1-person	\$31,650	\$37,980
2-person	\$36,200	\$43,440
3-person	\$40,700	\$48,840
4-person	\$45,200	\$54,240

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.

\*\*\*PLEASE NOTE: THESE NUMBERS ARE ADJUSTED ANNUALLY. ALL INCOME FIGURES REPORTED ON THIS PAGE ARE FOR 2017.

## Appendix F

### Findings for the District

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for Tax Increment Financing District No. 2017-1 (The Chamberlain), as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. *Finding that Tax Increment Financing District No. 2017-1 (The Chamberlain) is a housing district as defined in M.S., Section 469.174, Subd. 11.*

TIF District No. 2017-1 (The Chamberlain) consists of 31 parcels. As proposed, the development will consist of mixed-income housing projects with a total of 316 apartment units that includes rehabilitating three existing buildings with a total of 33 apartment units and constructing three new buildings with a total of 283 apartment units. All or a portion of which will receive tax increment assistance and will meet income restrictions described in *M.S. 469.1761*. At least 20 percent of the units/homes receiving assistance will have incomes at or below 50 percent of area median income. Appendices A and 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, but that due to the high costs of building new housing in the City, the cost of financing the proposed public improvements, and the insufficiency of rents in developments with affordable housing to provide a sufficient financial return, the project is feasible only through the assistance, in part, from tax increment financing. The developer was asked for and provided a letter and a pro forma as justification that the developer would not have gone forward without tax increment assistance.

3. *Finding that the TIF Plan for Tax Increment Financing District No. 2017-1 (The Chamberlain) 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 Tax Increment Financing District No. 2017-1 (The Chamberlain) will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Richfield Redevelopment Project Area by private enterprise.*

Through the implementation of the TIF Plan, the HRA or City will provide an impetus for residential development, which is desirable or necessary for increased population and an increased need for life-cycle housing within the City.



**STAFF REPORT NO. 50**  
**HOUSING AND REDEVELOPMENT AUTHORITY**  
**MEETING**  
**11/20/2017**

REPORT PREPARED BY: Melissa Poehlman, Asst. Community Development Director

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director  
11/14/2017

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director  
11/15/2017

**ITEM FOR COUNCIL CONSIDERATION:**

**Public hearing and consideration of the approval of a resolution approving the conveyance of property located along 18th Avenue between 66th and 68th Streets to Chamberlain Apartments LLC.**

**EXECUTIVE SUMMARY:**

On September 26, 2017, the Council approved plans for The Chamberlain, a multi-family housing development on the city's east side that also includes a two-block extension of Richfield Parkway. A revised Contract for Private Development (Agreement) with Chamberlain Apartments LLC (Developer) was approved by the HRA on October 16, 2017. The Agreement calls for the sale of land currently owned by the HRA to the Developer for \$1,711,445. The Developer will pay \$300,000 at closing and the remainder will be paid over time with interest (2.0%) beginning on August 1, 2025 and continuing until the purchase price has been paid in full.

**RECOMMENDED ACTION:**

**Conduct and close a public hearing and by motion: Approve a resolution approving the conveyance of certain real property to Chamberlain Apartments LLC.**

**BASIS OF RECOMMENDATION:**

**A. HISTORICAL CONTEXT**

- To address the impacts of low-frequency noise created by the proximity of a new airport runway, the City began purchasing homes in this area in 2002. Funds provided by the Metropolitan Airports Commission (MAC) were used to acquire and demolish structures that were deemed incompatible with the vibration that planes would create.

**B. POLICIES (resolutions, ordinances, regulations, statutes, etc):**

- In 2016, the city adopted an updated Cedar Corridor Master Plan which includes the following goals:
  - To establish a renewed brand at a signature gateway to the city;
  - To increase the diversity of housing options; and
  - To encourage the rehabilitation and replacement of the lowest-quality housing stock.
- The approved project is consistent with these goals.
- In accordance with Minnesota Statutes, Section 469.029, Subdivision 2, the HRA is required to

hold a duly noticed public hearing on the conveyance of property to the Developer.

**C. CRITICAL TIMING ISSUES:**

- A closing has not yet been scheduled, but must take place before April 1, 2018, unless extended by mutual agreement of the HRA and the Developer.
- Construction must begin by August 1, 2018.

**D. FINANCIAL IMPACT:**

- The Developer will pay the HRA \$300,000 for the property at closing and the remainder of the property's appraised value (\$1,411,445) plus interest will be paid under a Developer Cash Surplus Note over time beginning in 2025. This note has been guaranteed by Kraus-Anderson, Incorporated. In the event that payments cannot be made from Surplus Cash, Kraus-Anderson, Incorporated will make the required payments.
- MAC staff and legal counsel have taken the position that the terms of the agreement between the MAC and the City, sale proceeds from the resale of the land must be either used for further mitigation activities in areas where noise exceeds 65 decibels or be repaid to MAC. City/HRA staff and legal counsel have been in discussions with the MAC to clarify this position and determine whether there are any other uses of the sale proceeds that might meet the requirements of that agreement.

**E. LEGAL CONSIDERATION:**

- The HRA Attorney drafted the Contract for Private Development approved on October 16, 2017 and this resolution.

**ALTERNATIVE RECOMMENDATION(S):**

- Reject the resolution.

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

Representatives of Inland Development Partners

**ATTACHMENTS:**

Description	Type
□ Resolution	Resolution Letter
□ Map	Exhibit

**HOUSING AND REDEVELOPMENT AUTHORITY  
IN AND FOR THE CITY OF RICHFIELD, MINNESOTA**

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION APPROVING CONVEYANCE OF CERTAIN REAL PROPERTY TO  
CHAMERLAIN APARTMENTS, LLC**

WHEREAS, the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the “Authority”) owns certain real property legally described in EXHIBIT A attached hereto (the “Property”) in the City of Richfield, Minnesota (the “City”); and

WHEREAS, the Authority and the Chamberlain Apartments, LLC, a Delaware limited liability company (the “Developer”) have entered into a Contract for Private Development (the “Agreement”), dated October 24, 2017, pursuant to which the Developer will acquire the Property from the Authority and construct a multifamily housing development with approximately 283 apartment units, substantially rehabilitate three 11-unit apartment buildings, and construct underground parking (the “Minimum Improvements”), and the Authority will reimburse the Developer for a portion of land acquisition costs and certain site improvements costs related thereto with tax increment generated by the Minimum Improvements; and

WHEREAS, in order to promote the redevelopment of land in the City, the Authority is considering conveying the Property to the Developer for the proposed redevelopment thereof; and

WHEREAS, the Agreement provides that the Authority will convey the Property to the Developer only after the Board of the Authority holds a public hearing and provides its consent to the conveyance; and

WHEREAS, on the date hereof, the Board of Commissioners of the Authority (the “Board”) conducted a duly noticed public hearing on the conveyance of the Property to the Developer, in accordance with Minnesota Statutes, Section 469.029, subdivision 2; and

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota as follows:

1. The conveyance of the Property to the Developer as contemplated by the Agreement is in all respects authorized, approved, and confirmed.
2. The Chairperson and the Executive Director are hereby authorized to execute and deliver to the Developer a quit claim deed and any and all other documents or certificates deemed necessary to carry out the intentions of this resolution and the Purchase Agreement.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota  
this 20<sup>th</sup> day of November, 2017.

\_\_\_\_\_  
Mary Supple, Chair

ATTEST:

\_\_\_\_\_  
\_\_\_\_\_, Secretary



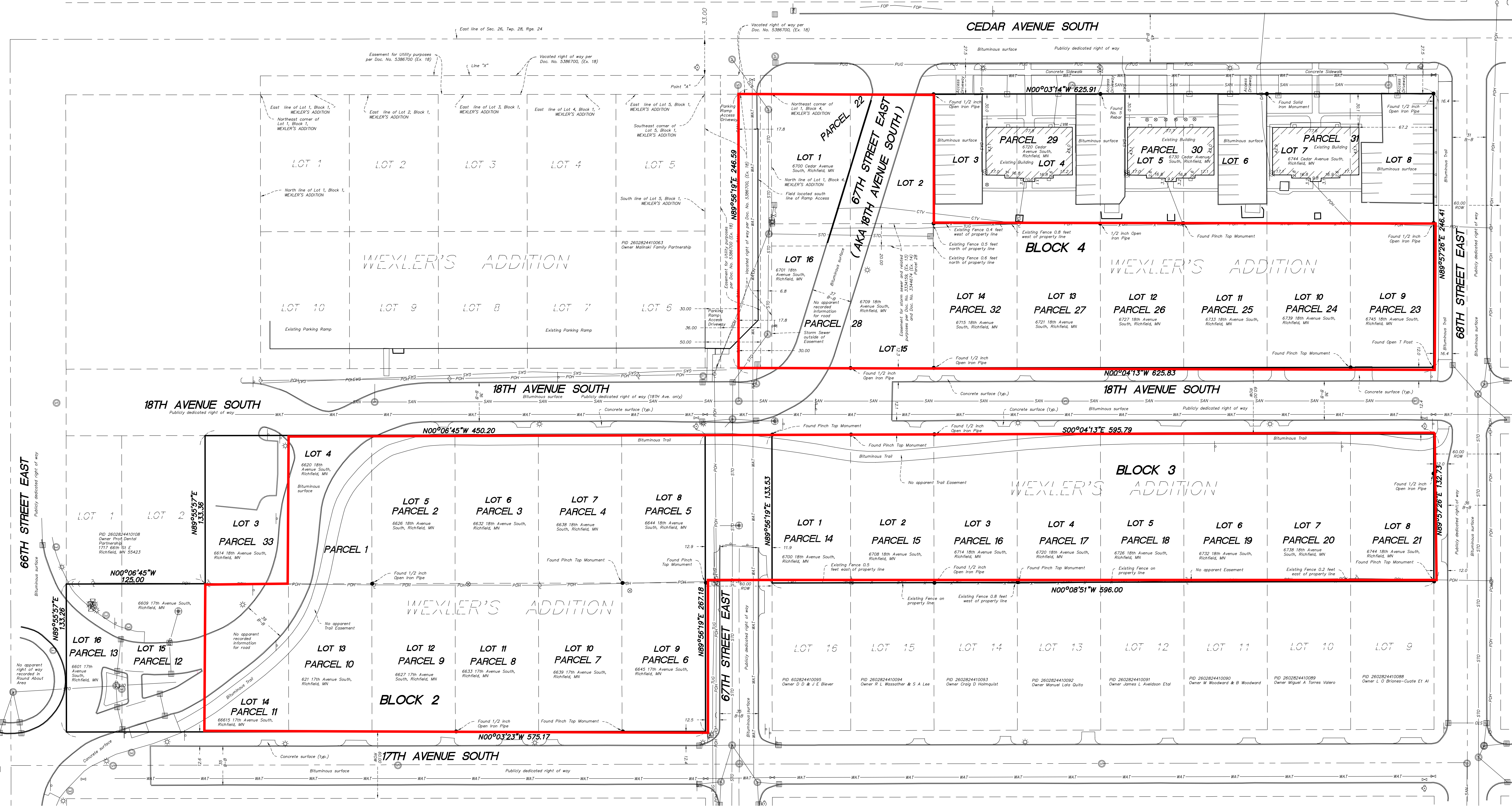
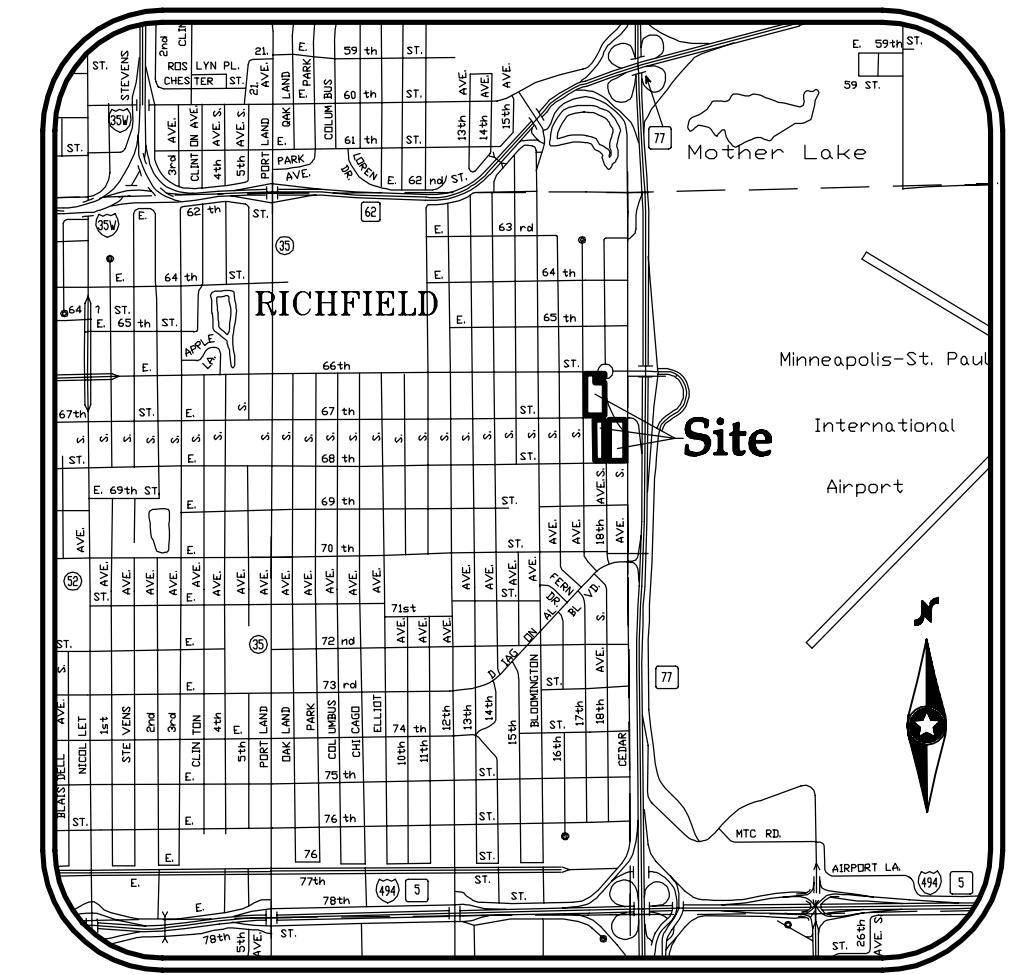
**EXHIBIT A**

**LEGAL DESCRIPTION OF THE AUTHORITY PROPERTY**

Lots 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, and 14, Block 2, Wexler's Addition, Hennepin County, Minnesota

Lots 1, 2, 3, 4, 5, 6, 7, and 8, Block 3, Wexler's Addition, Hennepin County, Minnesota

Lots 1, 2, 9, 10, 11, 12, 13, 14, 15, and 16, Block 4, Wexler's Addition, Hennepin County, Minnesota



- Legend**
- BUSH/SHRUB
  - CONIFEROUS TREE
  - DECIDUOUS TREE
  - WETLAND
  - STEEL/WOOD POST
  - SIGN-TRAFFIC/OTHER
  - MAIL BOX
  - HANDICAPPED STALL
  - GAS METER
  - STREET LITE
  - GUY WIRE
  - POWER POLE
  - ELECTRIC BOX
  - ELECTRIC METER
  - ELECTRIC MANHOLE
  - ELECTRIC TOWER
  - SANITARY MANHOLE
  - SEWER CLEANOUT
  - BEEHIVE CATCH BASIN
  - CATCH BASIN
  - FLARED END SECTION
  - CULVERT
  - STORM MANHOLE
  - TELEPHONE BOX
  - TELEPHONE MANHOLE
  - TRAFFIC CONTROL BOX
  - HAND HOLE
  - TRAFFIC LIGHT
  - GATE VALVE
  - HYDRANT
  - WATER METER
  - CURB STOP BOX
  - WATER MANHOLE
  - WELL
  - CABLE TV
  - GAS LINE
  - POWER OVERHEAD
  - POWER UNDERGROUND
  - SANITARY SEWER
  - STORM SEWER
  - TELEPHONE OVERHEAD
  - TELEPHONE UNDERGROUND
  - WATERMAIN
  - FIBER OPTIC LINE
  - ACCESS CONTROL
  - FENCE LINE
  - DECIDUOUS TREE LINE
  - CONIFEROUS TREE LINE
  - CURB & GUTTER
- Denotes set 1/2"x1/4" Iron Pipe marked with Plastic Cap inscribed with Lic. No. 23021, unless otherwise noted.
- Denotes Iron Monument Found as noted.
- ⊙ Denotes Cast Iron Monument

Properties to be conveyed

**Property Description**

Property description per Old Republic National Title Insurance Company Title Commitment Number 52942

Parcel 1:  
Lot 4, Block 2, Wexler's Addition, according to the recorded plat thereof, Hennepin County, Minnesota.

Parcel 2:  
Lot 5, Block 2, Wexler's Addition, according to the recorded plat thereof, Hennepin County, Minnesota.

Parcel 3:  
Lot 6, Block 2, Wexler's Addition, according to the recorded plat thereof, Hennepin County, Minnesota.

Parcel 4:  
Lot 7, Block 2, Wexler's Addition, according to the recorded plat thereof, Hennepin County, Minnesota.

Parcel 5:  
Lot 8, Block 2, Wexler's Addition, according to the recorded plat thereof, Hennepin County, Minnesota.

Parcel 6:  
Lot 9, Block 2, Wexler's Addition, according to the recorded plat thereof, Hennepin County, Minnesota.

Parcel 7:  
Lot 10, Block 2, Wexler's Addition, according to the recorded plat thereof, Hennepin County, Minnesota.

Parcel 8:  
Lot 11, Block 2, Wexler's Addition, according to the recorded plat thereof, Hennepin County, Minnesota.

Parcel 9:  
Lot 12, Block 2, Wexler's Addition, according to the recorded plat thereof, Hennepin County, Minnesota.

Parcel 10:  
Lot 13, Block 2, Wexler's Addition, according to the recorded plat thereof, Hennepin County, Minnesota.

Parcel 11:  
Lot 14, Block 2, Wexler's Addition, according to the recorded plat thereof, Hennepin County, Minnesota.

Parcel 12:  
Lot 15, Block 2, Wexler's Addition, according to the recorded plat thereof, Hennepin County, Minnesota.

Parcel 13:  
Abstract Property

Parcel 14:  
Lot 16, Block 2, Wexler's Addition, according to the recorded plat thereof, Hennepin County, Minnesota.

Parcel 15:  
Torrens Property

Parcel 16:  
Lot 1, Block 3, Wexler's Addition, according to the recorded plat thereof, Hennepin County, Minnesota.

Parcel 17:  
Lot 4, Block 3, Wexler's Addition, according to the recorded plat thereof, Hennepin County, Minnesota.

Parcel 18:  
Lot 5, Block 3, Wexler's Addition, according to the recorded plat thereof, Hennepin County, Minnesota.

Parcel 19:  
Lot 6, Block 3, Wexler's Addition, according to the recorded plat thereof, Hennepin County, Minnesota.

Parcel 20:  
Lot 7, Block 3, Wexler's Addition, according to the recorded plat thereof, Hennepin County, Minnesota.

**Notes**

1) This survey was prepared using Old Republic National Title Insurance Company Title Commitment Number 52942, First Supplemental having an effective date of May 4, 2017 at 07:00 AM.

2) Subject property appears to be classified as Zone X when scaled from Flood Insurance Rate Map Community - Parcel Number 27053C0388F and 27053C0389F both dated November 4, 2016.

3) Subject property contains 370,435 sq. ft. or 8.505 acres.

4) No zoning information provided by Old Republic National Title Insurance Company at time of survey.

5) Subject property contains 50 total parking stalls.

6) The underground utilities shown have been located from field survey information and existing drawings. The surveyor makes no guarantees that the underground utilities shown comprise all such utilities in the area, either in service or abandoned. The surveyor further does not warrant that the underground utilities shown are in the exact location indicated although he does certify that they are located as accurately as possible from information available. The surveyor has not physically located the underground utilities. (Gopher State One Call Ticket No. 170460181).

7) Adjoining owners shown per Hennepin County parcel website.

8) Westwood Professional Services, Inc. was not provided adjoining deeds.

9) The bearings shown on this survey are based on the Hennepin County Coordinate System.

10) The following notes are in regard to Table A items 16, 17, 18 and 19

11) As of the date of this survey, there was no evidence of current earth moving work, exterior building construction or building additions.

12) As of the date of this survey, there was no evidence of recent street or sidewalk construction or repairs.

13) The Surveyor is not qualified to make a determination regarding the existence of wetlands. The surveyor is not aware of any recent wetland delineations taking place on the subject property. A wetland delineation was not part of the scope of services for this survey. No wetland delineation markers observed in the process of conducting the fieldwork.

14) Based on the information contained within title commitment listed above and a physical inspection of the subject property, the surveyor is not aware of any off site easements or servitudes other than shown herein.

**Notes**

The following notes correspond to the numbering system of Schedule B of the above mentioned title commitment.

13) Easement for storm sewer and related purposes in favor of the Village of Richfield, a Minnesota municipal corporation, contained in Quit Claim Deed dated January 31, 1962, filed February 13, 1962, as Document No. 3334159. (Parcel 28), LIES ON SUBJECT PROPERTY, AS SHOWN HEREON.

14) Easement for storm sewer and related purposes in favor of the Village of Richfield, a Minnesota municipal corporation, contained in Quit Claim Deed dated January 31, 1962, filed May 4, 1962, as Document No. 3344674. (Parcel 28), LIES ON SUBJECT PROPERTY, AS SHOWN HEREON.

15) Terms and conditions of Memorandum of Purchase Agreement dated September 10, 2015, filed September 17, 2015, as Document No. A10239156, by and between Cedar South Pointe, LLC, a Minnesota limited liability company, Seller, and Inland Development Partners, LLC, a Minnesota limited liability company, Buyer. (Parcels 29, 30 and 31), LIES ON SUBJECT PROPERTY, BLANKET IN NATURE, NOT GRAPHICALLY SHOWN.

16) Subject to existing fence 0.4 feet West of the East property line and existing fence 0.8 feet West of the East property line as indicated on Survey by Westwood Professional Services, Inc. dated April 4, 2017. (Parcel 32) NOTE: Commercial Partners Title, LLC does not have a copy of the above mentioned survey. This item was carried forward from prior evidence. AS SHOWN HEREON.

17) Subject to encroachment of existing fence 0.6 feet North of North property line as indicated on Survey by Westwood Professional Services, Inc. dated April 4, 2017. (Parcel 32) NOTE: Commercial Partners Title, LLC does not have a copy of the above mentioned survey. This item was carried forward from prior evidence. AS SHOWN HEREON.

18) Easement for sanitary sewer and utility purposes in favor of the City of Richfield as reserved in Transitory Ordinance No. 17.31 dated January 25, 1988, filed March 15, 1988, as Document No. 5386700, LIES ON SUBJECT PROPERTY, AS SHOWN HEREON.

19) Rights of the public to streets, highways and/or alleys.

20) The following appear as memorials on the Certificate of Title. While these instruments no longer affect title to the property, neither Commercial Partners Title, LLC nor Old Republic National Title Insurance Company will undertake to have the memorials removed from the Certificate of Title:

A) Memorandum of Option and Right of First Refusal Agreement filed December 19, 2006, as Document No. 4339042 (Torrens), also filed in Abstract as Document No. 8910688. (NOTE: By terms, option expired ten (10) years after the date of December 12, 2006) (Parcel 13)

21) We have been informed that the property described at Item No. 5 of Schedule A is being platted as a part of the current transaction. The new plat must be recorded prior to closing or, if it is to be recorded with the other closing documents, it must be signed by all appropriate parties and governmental agencies, including the county surveyor, prior to closing. In addition, real estate taxes must be paid in full for all of the underlying tax parcels for the year in which the plat is recorded.

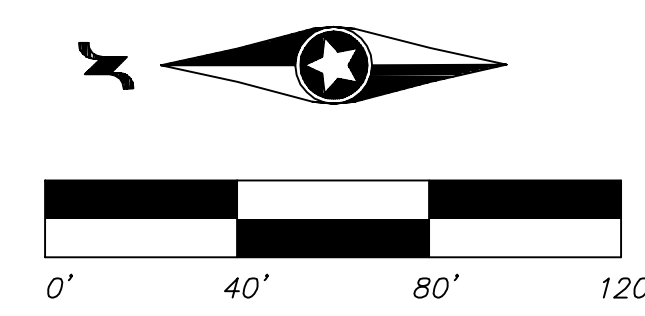
**Surveyor's Certificate**

To Housing and Redevelopment Authority in and for the City of Richfield, a public body corporate and politic of the State of Minnesota, Cedar South Pointe, LLC, a Minnesota limited liability company, Richfield Apartments LLC, a Minnesota limited liability company, US Department of Housing & Urban Development (HUD), Old Republic National Title Insurance Company and Commercial Partners Title, LLC.

This is to certify that this map or plat and the survey on which it is based were made in accordance with the 2016 Minimum Standard Detail Requirements for ALTA/NSPS Land Title Surveys, jointly established and adopted by ALTA and NSPS, and includes items 2, 3, 4, 6(a), 6(b), 7(a), 8, 9, 10(a), 10(b), 11, 12, 13, 16, 17, 18, and 19 of Table A thereof. The fieldwork was completed on June 8, 2017.

Date: 06/12/17

Craig W. Morse  
Minnesota License No. 23021  
craig.morse@westwoodps.com



**Westwood**  
Phone (952) 937-5150 7699 Anagram Drive  
Fax (952) 937-5822 Eden Prairie, MN 55344  
TollFree (888) 937-5150 westwoodps.com  
Westwood Professional Services, Inc.

Revisions:	
Crew:	JMP, KCH
Checked:	CWM
Drawn:	BTW
Record Drawing by/Date:	

Prepared for:	Inland Development Partners, LLC
	20505 Lakeview Avenue Deephaven, Minnesota, 55331

**Wexler's Addition**  
ALTA/NSPS Land Title Survey  
Richfield, Minnesota

Date: 06/12/17 Sheet: 1 OF 1  
001291AT02.dwg



**STAFF REPORT NO. 51**  
**HOUSING AND REDEVELOPMENT AUTHORITY**  
**MEETING**  
**11/20/2017**

REPORT PREPARED BY: Melissa Poehlman, Asst. Community Development Director

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director  
11/14/2017

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director  
11/15/2017

**ITEM FOR COUNCIL CONSIDERATION:**

**Consideration of the approval of a petition requesting that the City Council consider the vacation of portions of 67th Street within the boundaries of the new Chamberlain development.**

**EXECUTIVE SUMMARY:**

Tonight, the HRA will consider the sale of a number of properties and adjacent 67th Street right-of-way to the Chamberlain Apartments LLC. In order to allow for the construction of The Chamberlain project as approved, this sale includes a portion of what is now 67th Street right-of-way. There are two distinct sections of 67th Street that are proposed for vacation:

- **West of 18th Avenue:** The roadway in this area of 67th Street was largely removed a number of years ago; however, legally the right-of-way remains. This right-of-way is no longer necessary and should be vacated. (Note - the vacation does not include right-of-way adjacent to and providing access to the property at 6701 - 17th Avenue.)
- **East of 18th Avenue:** 67th Street provides a curved connection from 18th Avenue/Richfield Parkway to Cedar Avenue. This connection will be reoriented and reconstructed as part of the project. The existing right-of-way should be vacated and new right-of-way dedicated as part of the platting process.

As the owner of more than 50 percent of the land abutting this right-of-way, the HRA is asked to petition the Council to vacate the road.

**RECOMMENDED ACTION:**

**By motion: Approve submittal of a petition requesting the vacation of the portions of 67th Avenue adjacent to the following properties: 6644, 6700, 6701, and 6709 18th Avenue and 6700 Cedar Avenue.**

**BASIS OF RECOMMENDATION:**

**A. HISTORICAL CONTEXT**

- The portion of 67th Street west of 18th Avenue was largely removed in 2007; however, legally remains in place. Construction of the new Chamberlain development will eliminate the need for this portion of the road in the future.
- No formal easements for the portion of 67th Street that connects 18th Avenue/Richfield Parkway

to Cedar Avenue exist; however, because the road has been in place for a number of years, an official vacation is required.

**B. POLICIES (resolutions, ordinances, regulations, statutes, etc):**

- The Council may vacate a street, alley, public grounds, or a part thereof, on its own motion or upon the petition of the owners of half of the land abutting the street, alley, public grounds, or part thereof to be vacated.
- No vacation may be made unless it appears in the interest of the public to do so.

**C. CRITICAL TIMING ISSUES:**

- Public hearings for the proposed vacations are scheduled for November 28th and December 12th.

**D. FINANCIAL IMPACT:**

- The right-of-way in question was included in the appraisal of the property and the agreed upon purchase price.

**E. LEGAL CONSIDERATION:**

- None

**ALTERNATIVE RECOMMENDATION(S):**

- Deny submittal of the petition requesting vacation of 67th Street right-of-way. The City Council may proceed with consideration by its own motion.

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

None

**ATTACHMENTS:**

Description	Type
☐ Petition for Signature	Exhibit
☐ 67th Street (West of 18th) to be vacated	Exhibit
☐ 67th Street (East of 18th) to be vacated	Exhibit
☐ Site Plan with approximate vacation locations	Exhibit



## PETITION FOR VACATION OF STREETS, ALLEYS, AND PUBLIC GROUNDS

**To: Richfield City Council**

We, the undersigned owners of land abutting 6644 18th Avenue, 6700 18th Avenue, 6701 18th Avenue, 6709 18th Avenue, and 6700 Cedar Avenue hereby petition that such public land/easement be vacated by the City of Richfield.

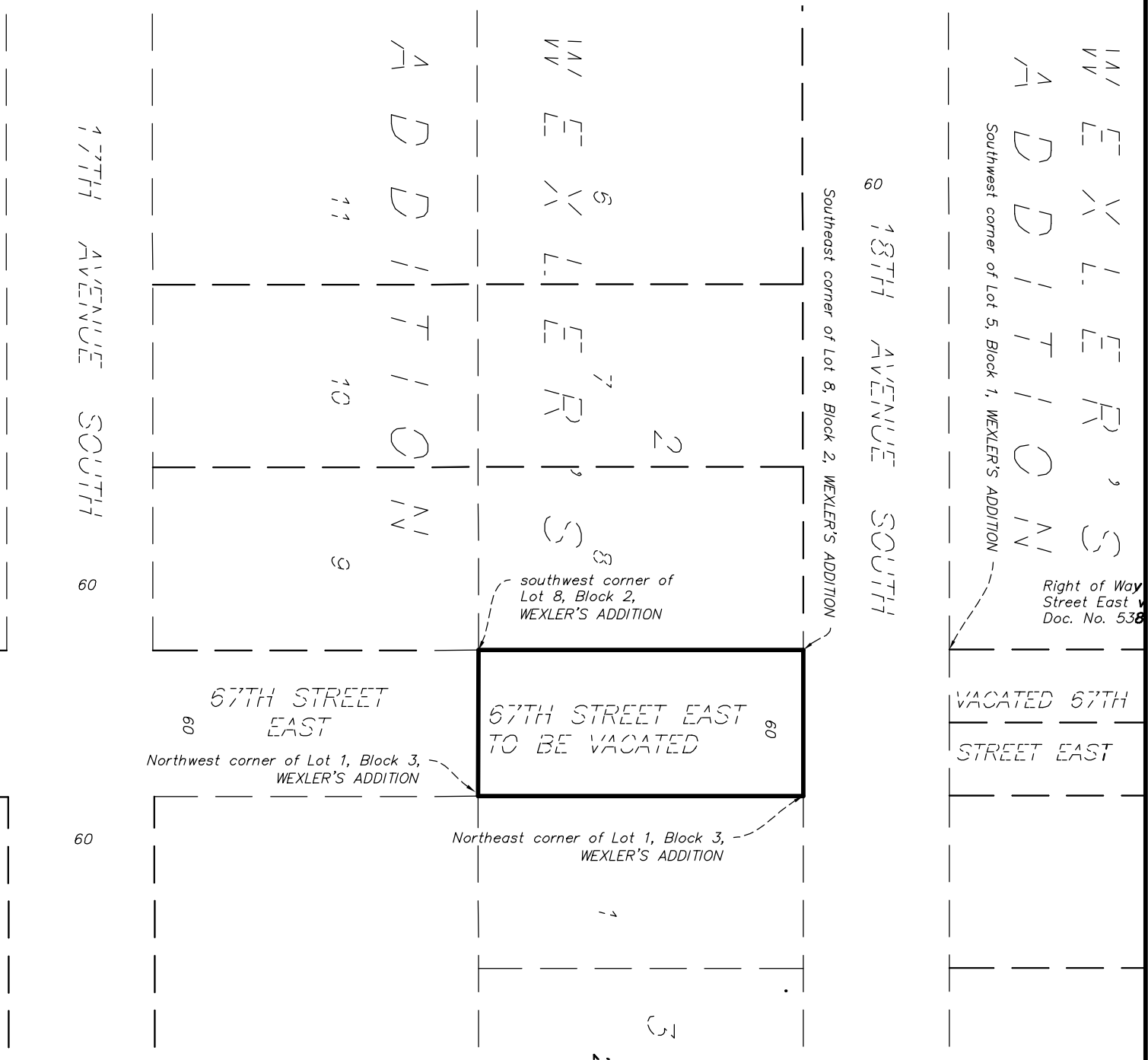
**\*Signature**

**Address** *(please print clearly)*

	<i>City of Richfield Housing and Redevelopment Authority</i>

*\* Signatures may not be removed after the petition is submitted to the City.*

*Print additional sheets if necessary.*



**67TH STREET EAST ROAD VACATION**

That part of 67th Street East as dedicated on the plat of WEXLER'S ADDITION, according to the recorded plat thereof, Hennepin County, Minnesota, which lies westerly of a line drawn from the southeast corner of Lot 8, Block 2 to the northeast corner of Lot 1, Block 3 and lies easterly of a line drawn from the southwest corner of Lot 8, Block 2 to the northwest corner of Lot 1, Block 3, all in said WEXLER'S ADDITION.



Sheet: **1 OF 1**

Date: **10/30/2017**

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 Toll Free (888) 937-5150 westwoodps.com

Westwood Professional Services, Inc.

Crew: JMP

Checked: CWM

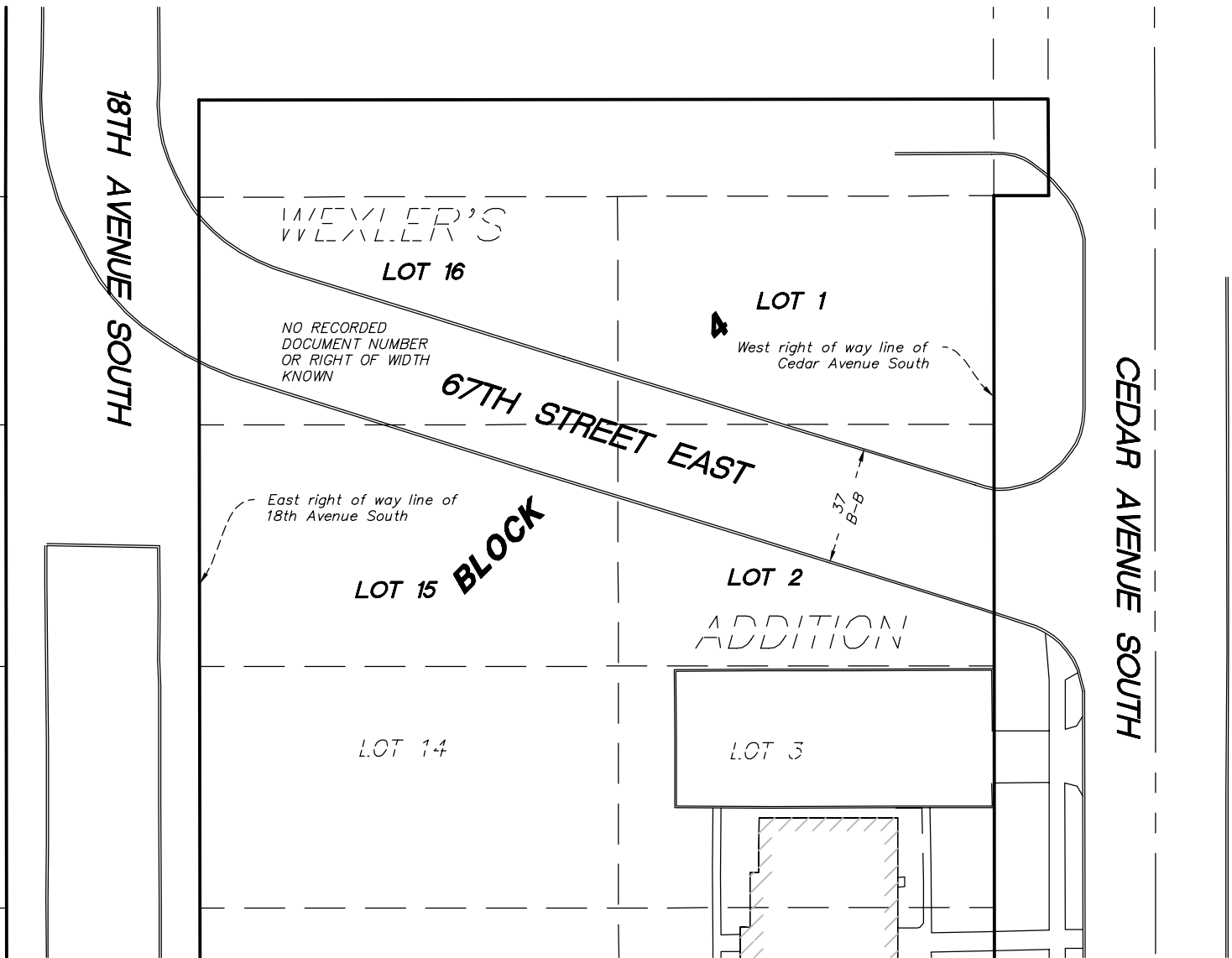
Drawn: CWM

Record Drawing by/date:

**The Chamberlain**

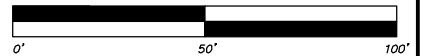
Richfield, MN

**Easement  
 Vacation  
 Sketch**



67TH STREET EAST ROAD VACATION

That part of 67th Street East that approximately lies on Lots 1, 2, 15 and 16, Block 4, WEXLER'S ADDITION, according to the recorded plat thereof, Hennepin County, Minnesota, lying westerly of the west right of way line of Cedar Avenue and lying easterly of the east right of way line of 18th Avenue South, as shown on said WEXLER'S ADDITION.



Sheet: 1 OF 1

Date: 11/06/17

0011291SKF03.dwg

**Westwood**

Phone (952) 937-5150 7699 Anagram Drive  
Fax (952) 937-5822 Eden Prairie, MN 55344  
Toll Free (888) 937-5150 westwoodps.com

Westwood Professional Services, Inc.

Crew: \_\_\_\_\_

Checked: CWM

Drawn: BTW

Record Drawing by/date: \_\_\_\_\_

**The Chamberlain**

Richfield, MN

**Right of Way  
Easement  
Vacation  
Sketch**

**Site Legend**

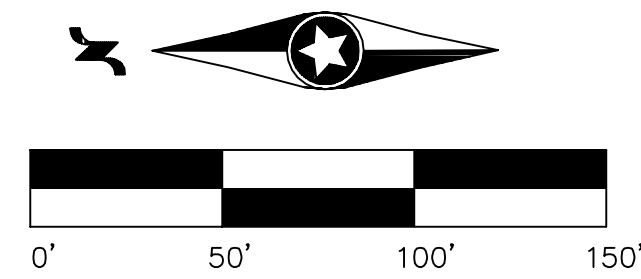
EXISTING	PROPOSED	
---	---	PROPERTY LINE
---	---	LOT LINE
---	---	SETBACK LINE
---	---	EASEMENT LINE
---	---	CURB AND GUTTER
---	---	TIP-OUT CURB AND GUTTER
---	---	POND NORMAL WATER LEVEL
---	---	RETAINING WALL
---	---	FENCE
---	---	CONCRETE PAVEMENT
---	---	CONCRETE SIDEWALK
---	---	HEAVY DUTY BITUMINOUS PAVEMENT
---	---	NORMAL DUTY BITUMINOUS PAVEMENT
---	---	NUMBER OF PARKING STALLS
---	---	TRANSFORMER
---	---	SITE LIGHTING
---	---	TRAFFIC SIGN
---	---	POWER POLE
---	---	BOLLARD / POST

**Site Calculations**

**OPEN SPACE CALCULATIONS:**  
**OPEN SPACE REQUIRED:**  
 - TWO OR FEWER BEDS / UNIT = 300 SF OPEN SPACE  
 TWO OR FEWER BEDS = 282 UNITS = 84,600 SF OPEN SPACE  
 - THREE OR MORE BEDS / UNIT = 400 SF OPEN SPACE  
 THREE OR MORE BEDS = 2 UNITS = 800 SF OF OPEN SPACE  
**TOTAL OPEN SPACE REQUIRED = 85,400 SF**

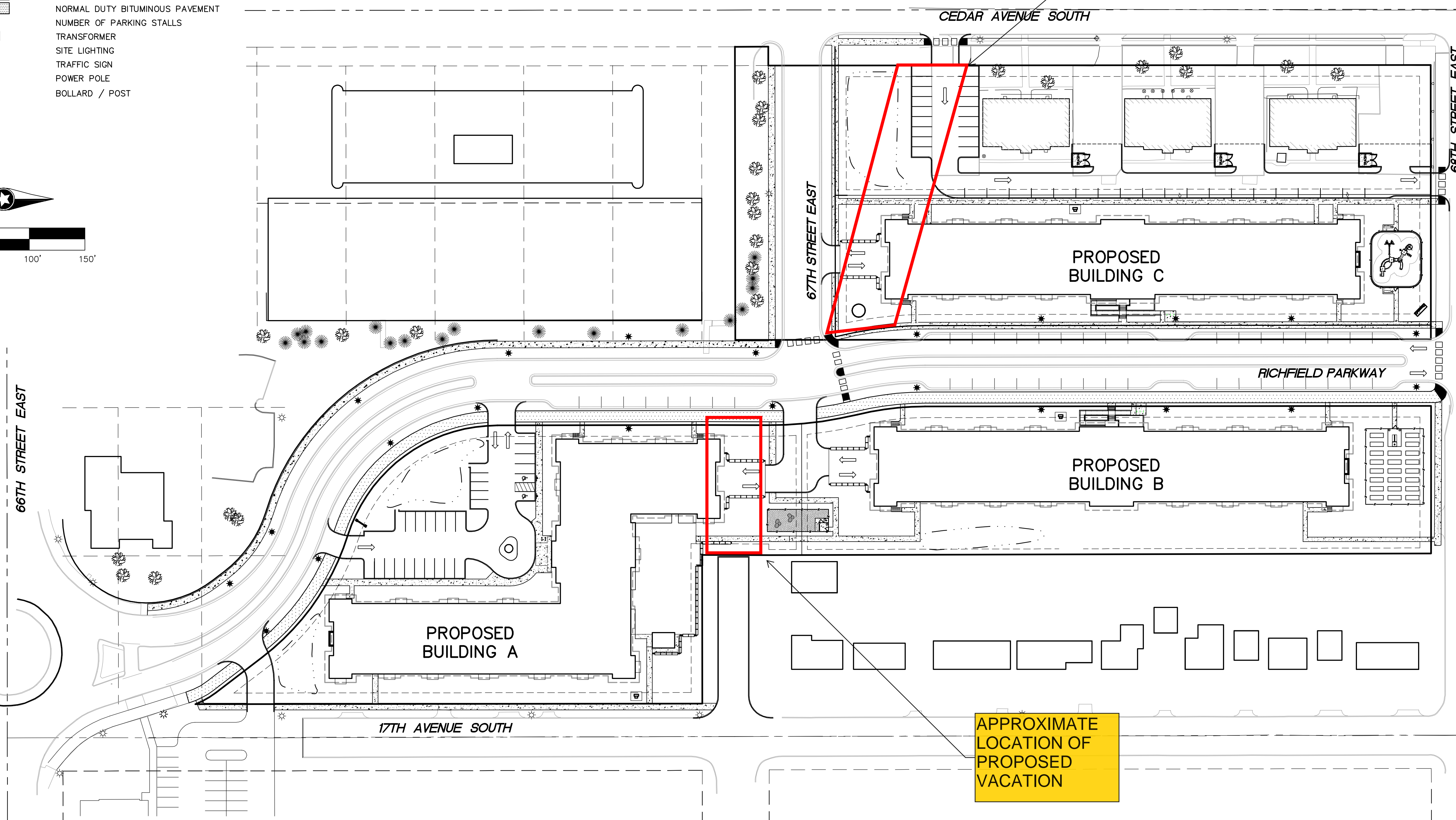
**OPEN SPACE PROVIDED:**  
 - LOT 1, BLOCK 1: 46,378 SF  
 - LOT 1, BLOCK 2: 42,572 SF  
 - LOT 2, BLOCK 1: 30,458 SF  
 - LOT 2 BLOCK 2: 22,045 SF  
**TOTAL OPEN SPACE PROVIDED: 141,453 SF**

**IMPERVIOUS SURFACE CALCULATIONS:**  
 - LOT 1, BLOCK 1: 57,961 SF  
 - LOT 1, BLOCK 2: 32,983 SF  
 - LOT 2, BLOCK 1: 37,020 SF  
 - LOT 2 BLOCK 2: 40,731 SF  
**TOTAL IMPERVIOUS SURFACES: 168,695 SF**



APPROXIMATE LOCATION OF PROPOSED VACATION

APPROXIMATE LOCATION OF PROPOSED VACATION



0011291.01SPF01.dwg

Date: 09/08/17 Sheet: 3 OF 18

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Phone (952) 937-5150 7699 Anagram Drive  
 Fax (952) 937-5822 Eden Prairie, MN 55344  
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 Westwood Professional Services, Inc.

I hereby certify that this plan was prepared by me or under my direct supervision and that I am a duly licensed PROFESSIONAL ENGINEER under the laws of the State of Minnesota.

**Ryan M. Bluhm**  
 Date: 09/08/17 License No. 41257

**Revisions:**

NO.	DESCRIPTION	DATE
1	HUD 3RD PARTY REVIEW COMMENTS	

Designed: \_\_\_\_\_  
 Checked: \_\_\_\_\_  
 Drawn: \_\_\_\_\_  
 Record Drawing by/date: \_\_\_\_\_

Prepared for:  
**Inland Development Partners, LLC.**  
 3340 Republic Avenue  
 St. Louis Park, MN 55426

**The Chamberlain**  
 Richfield, Minnesota

**Overall Site Plan**