

HRA Agenda Item



Originator Housing and Redevelopment Authority	Item Modification of Penn American Redevelopment Project Area and approval of Knox and American Housing TIF District and Plan
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Date
10/11/2016

Description

The Bloomington Housing and Redevelopment Authority Board of Commissioners will consider approval of the attached resolution:

- Approving a modification of the boundaries of the Penn and American Redevelopment Project;
- approving a modification of the Redevelopment Plan;
- establishing the Knox and American Tax Increment Financing District (a Housing District), and approving a Tax Increment Financing Plan

The Bloomington Housing and Redevelopment Authority is working with Stuart Co and United Properties to redevelop the properties at 1901 American Boulevard South and 8849 Morgan Circle South in the Penn American District in Bloomington. The developers are seeking to construct approximately 248 units of rental housing on the sites ("Knox & American"), in which a minimum of 20% of the units will be designated for households who with incomes at 50% of area median income or below.

The HRA is requesting the creation of the TIF district to assist in the project financing. The development has a financing gap of \$18.5 million, and the Housing TIF district is projected to provide \$5 million (present value) to cover a portion of the gap. The remainder of the gap financing will be made up through external funding sources, including the Metropolitan Council, the Minnesota Housing Finance Agency, the Bloomington HRA, and the developers. The TIF district will not be certified until all project financing is in place.

The Bloomington City Council approved the Housing TIF District and Plan on Monday, October 3, 2016.

The project will not move forward without the creation of the Housing Tax Increment Financing (TIF) district. Financial assistance is needed due to:

1. The limited revenue from the affordable units
2. The market rate units will have rent structures at approximately \$1.50/sq. ft., which are significantly less than most new construction market rate rentals (\$1.80/sf. ft. - \$2.00+/sq. ft.)
3. Infrastructure costs, including structured underground parking, storm water management, and the construction of a new street
4. The redevelopment of the site, including demolition of existing buildings

Requested Action

A resolution approving a modification of the boundaries of the Penn and American Redevelopment Project; approving a modification of the Redevelopment Plan; establishing the Knox and American Tax Increment Financing District (a Housing District); and approving a Tax Increment Financing Plan.

Attachments:

Resolution
Modified Redevelopment Plan
Housing TIF Plan