

Originator Housing and Redevelopment Authority	Item Village Club Redevelopment Project Area and Tax Increment Financing District Plans – Review for Comprehensive Plan Consistency
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Date
Thursday, December 05, 2019

Description

GENERAL INFORMATION

Applicant: Housing and Redevelopment Authority in and for the City of Bloomington

Location: Village Club - 1900 E 86TH ST

Request: Village Club Redevelopment Project Area and Tax Increment Financing District Plans Review for Finding of Consistency with the Comprehensive Plan

STAFF CONTACT

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BACKGROUND

At the Thursday, December 5 meeting, the City of Bloomington Planning Commission is being asked to review the proposed Redevelopment Plan for the Village Club Redevelopment Project and the Tax Increment Financing Plan for the Village Club Tax Increment Financing Housing District for a finding of consistency with the City of Bloomington Comprehensive Plan.

The City is required pursuant to Minnesota Statutes, Section 469.001 through 469.047 and Minnesota Statutes, Section 469.174 through 469.1794 to consult with its Planning Commission prior to designating a redevelopment project. The Planning Commission will be asked to consider Finding 4 below. Pursuant to MN Statutes 469.175, Subd. 3, the City Council and HRA will be asked to consider Findings 1-4 below:

- (1) The TIF District qualifies as a housing district;
- (2) 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;
- (3) The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for development of the Project Area by private enterprise; and
- (4) The TIF Plan conforms to general plans for development of the City as a whole.

Multiple steps need to be followed in order to establish a tax increment financing district, including notifications to the County and School District, publication of a public hearing notice, and the holding of a public hearing. The public hearing to consider this project has been scheduled for Monday, December 16, 2019. The public hearing date is the time in which City Council would take any public comment, and after the hearing, consider the adoption of a resolution approving the TIF District.

A TIF District must be established within a Project Area. The boundaries of the Village Club Tax Increment Financing Housing District will be within Village Club Redevelopment Project. Tax increment revenues of the TIF District are generated from incremental growth within the district and are allowed to be spent within the boundaries of the TIF District and Project Area. For housing TIF Districts, there is additional flexibility for the use of tax increment revenues on eligible expenditures.

The City of Bloomington is considering the establishment of a Tax Increment Financing (TIF) District to assist with financing a portion of the costs associated with the redevelopment of the existing building on-site for the preservation of naturally occurring affordable housing. The existing 306-unit apartment project will be rehabilitated and 100% of the units are expected to remain as affordable to occupants with incomes no greater than 60% of the area median income. Construction of additional affordable housing units, up to approximately 300, will occur adjacent to the existing building. In order to comply with the requirements of a Housing TIF District, at least 40% of the units will be occupied by persons no greater than 60% of the area median income.

There are significant costs associated with acquisition and rehabilitation of the existing project, including maintaining long-term affordability of the housing units. The HRA anticipates using tax increment revenues to finance eligible costs associated with development of the project site that may include acquisition, site improvements, parking, utilities and other necessary affordable housing improvements as well as related administrative expenses.

Renovation of the existing building is expected to start immediately after closing on the property in late 2019/early 2020 with subsequent construction of the new development on the project site projecting to start later in 2020. The project is expected to be fully constructed by December 31, 2021 and be 100% assessed and on the tax rolls as of January 2, 2022 for taxes payable 2023.

At the time this document was prepared there were no signed construction contracts with regards to the above described development. The Authority intends to enter into a development agreement with the developer for the housing development described in this section. In addition, the Authority may use Tax Increment from the TIF District in the future to provide financial assistance for the development of affordable housing within the Project which meets the income requirements set forth in Section 469.1761 of the Tax Increment Act.

The Planning Commission is being asked to review the proposal by the City of Bloomington and Bloomington HRA to establish the Village Club Redevelopment Project and adopt a Redevelopment Plan and establish Village Club Tax Increment Financing Housing District and adopt a TIF Plan relating thereto. It is also being asked to determine that the project within the TIF District meets the following through adoption of the accompanying resolution:

- (4) The TIF Plan conforms to general plans for development of the City as a whole.

The proposed project conforms to general plans for development of the City as a whole and remains consistent with the Comprehensive Plan land use designation of high density residential and addresses the Housing Element goals:

Goal 1: Keep existing housing in good condition: Strategy 1.2: Promote reinvestment in existing housing.

Goal 2: Provide a range of housing choices: Strategy 2.2: Identify locations and opportunities for new housing and mixed use developments.

Goal 3: Provide affordable housing to serve local demand: Strategy 3.3: Work toward reaching our regional allocation of 842 additional unit affordable to households at 51-80%, 31-50%, and less than 30% Area Median Income. Strategy 3.4: Preserve existing naturally occurring affordable housing.

Requested Action

Staff recommends the following motion:

I move to adopt the resolution as attached to the staff report finding the Village Club Redevelopment Project Area and Tax Increment Financing District Plan proposals of the City of Bloomington and the Bloomington Housing and Redevelopment Authority consistent with the general plan for development of the City of Bloomington.

Attachments:

Planning Commission Resolution – Village Club
Draft Redevelopment Plan for Village Club Redevelopment Project
Draft Tax Increment Financing Plan for Village Club Tax Increment Financing District
Village Club TIF District Boundary Site Plan