

COUNCIL COMMUNICATION

| | | | | |
|---|---------------|--|------------|-----------------|
|  | Number: | 22-469 | Meeting: | October 3, 2022 |
| | Agenda Item: | 37 | Roll Call: | 22-1526 |
| | Submitted by: | Erin Olson-Douglas, Development Services Department Director | | |

AGENDA HEADING:

Resolution Approving Preliminary Terms of an Urban Renewal Development Agreement with Hoyt Investments, Incorporated for the construction of a 47-unit apartment building located at 610 16th Street.

SYNOPSIS:

Hoyt Investments, Incorporated (Ryan Wade, Partner, 2210 Poplar Street, Coralville, IA 52241) is proposing the construction of a 47-unit apartment building at 610 16th Street. Total project cost is estimated at \$10.5 million. Construction is anticipated to begin in the spring of 2023 with completion anticipated in summer 2024.

The Office of Economic Development has negotiated preliminary terms of an urban renewal development agreement with Hoyt Investments, Incorporated, which provides for tax increment to serve as a core mechanism for responding to a financing gap, as presented by the development team. Additional details on the final terms are provided in the fiscal impact section below.

FISCAL IMPACT:

Amount: The financial terms propose a capped tax increment financing (TIF) maximum value of \$940,000 in project-generated tax increment on a net-present-value basis {NPV} (at a 4.5% discount rate) based on the following schedule: 95% in years nine (9) -12, 90% in years 13-15, 85% in years 16-18. Additionally, the Developer intends to file for 10-year declining residential tax abatement on the project. The tax increment financing (TIF) is estimated to comprise 8% of the total project financing.

The current assessed value of the existing property is \$214,900. Upon completion of the project, the total assessed value of the property including building and land is estimated at \$8,031,360.

| Year | Estimated Taxes Received without Project* | Estimated Taxes Received with Project* | Incentive Paid | Estimated Net Taxes Received |
|--------------|---|--|----------------|------------------------------|
| Sum 10 Years | \$74,398 | \$469,169 | \$210,120 | \$259,049 |
| Sum 20 Years | \$185,592 | \$3,197,775 | \$1,714,433 | \$1,483,342 |
| Sum 30 Years | \$321,121 | \$6,518,914 | \$1,714,433 | \$4,804,480 |

*Taxes include all property taxing authorities (not just City property tax dollars).

*Taxes received estimates used the following assumptions: 2.5% growth in re-assessment years, 1.5% growth in non-re-assessment years.

*Building and land valuation assumptions at completion of construction:

\$7,755,000 building valuation

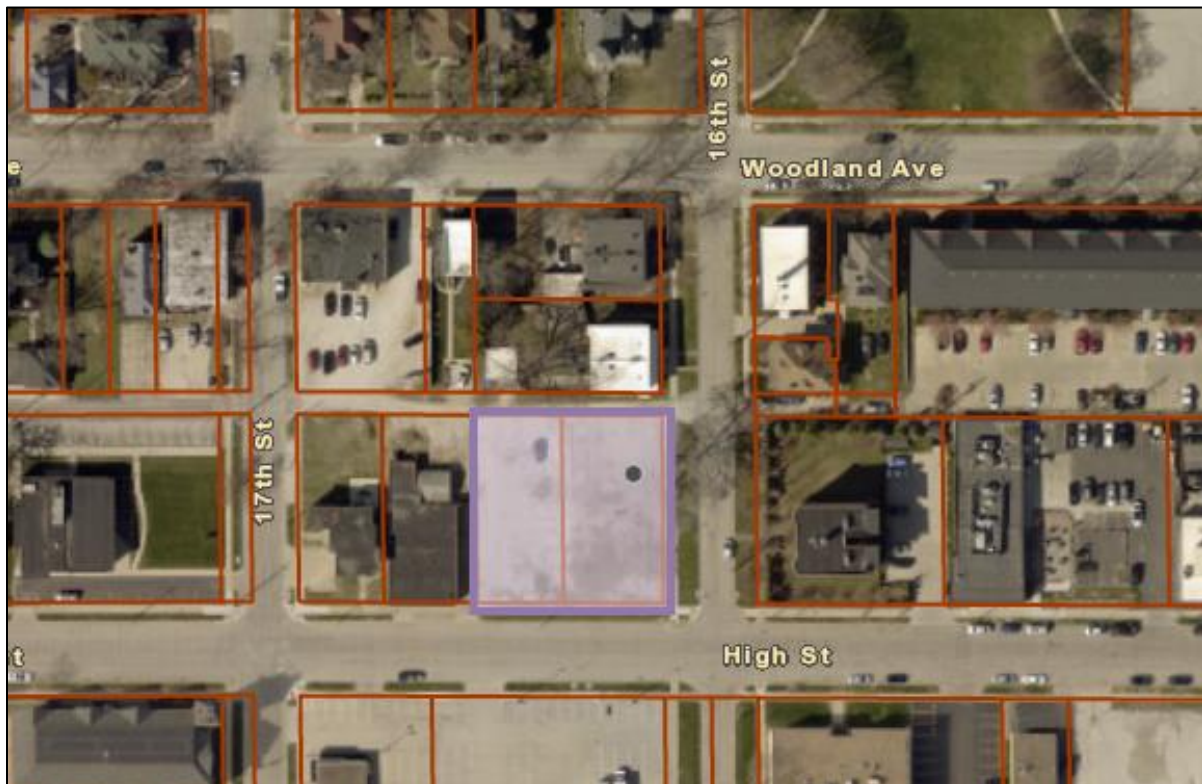
\$276,360 land assessment

Funding Source: Tax increment generated by the project in the Metro Center Urban Renewal Area.

ADDITIONAL INFORMATION:

- The \$10.5 million project is located on the corner of the High Street and 16th Street intersection and will include a total of 47 dwelling units containing a mix of studio, 1-bedroom, and 2-bedroom apartment units.
- The Developer is also planning a concurrent, multi-residential housing rehabilitation project directly west of the subject property at 1619 High Street. The infill reuse project will contain 15 units, and Developer intends to present the City Council with more information on that project shortly.
- The Developer has committed to providing 10% of the residential units (including one {1} 2-bedroom unit) at an affordable rent structure of 65% HOME Rent Limits and available to households earning 80% or less of the area median income (AMI) levels for the life of the development agreement.
- Five (5) to six (6) electric vehicle charging stations will be provided on site, and the Developer is planning for all-electric construction.
- The Developer will also participate in MidAmerican Energy's Commercial New Construction energy efficiency program.

Site Context



Architectural Renderings



PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- City Council – Final Terms of an Urban Renewal Development Agreement and Certificate of Completion
- Urban Design Review Board – Preliminary and Final Design, Appropriateness of Financial Incentives

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the first floor of City Hall, 400 Robert D Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to cityclerk@dmgov.org.