


# COUNCIL COMMUNICATION

	Number:	23-070	Meeting:	February 6, 2023
	Agenda Item:	27	Roll Call:	23-165
	Submitted by:	Matthew A. Anderson, Deputy City Manager		

**AGENDA HEADING:**

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

**SYNOPSIS:**

Hoyt, LLC (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 final terms of an urban renewal development agreement with Hoyt, LLC, 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 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 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 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

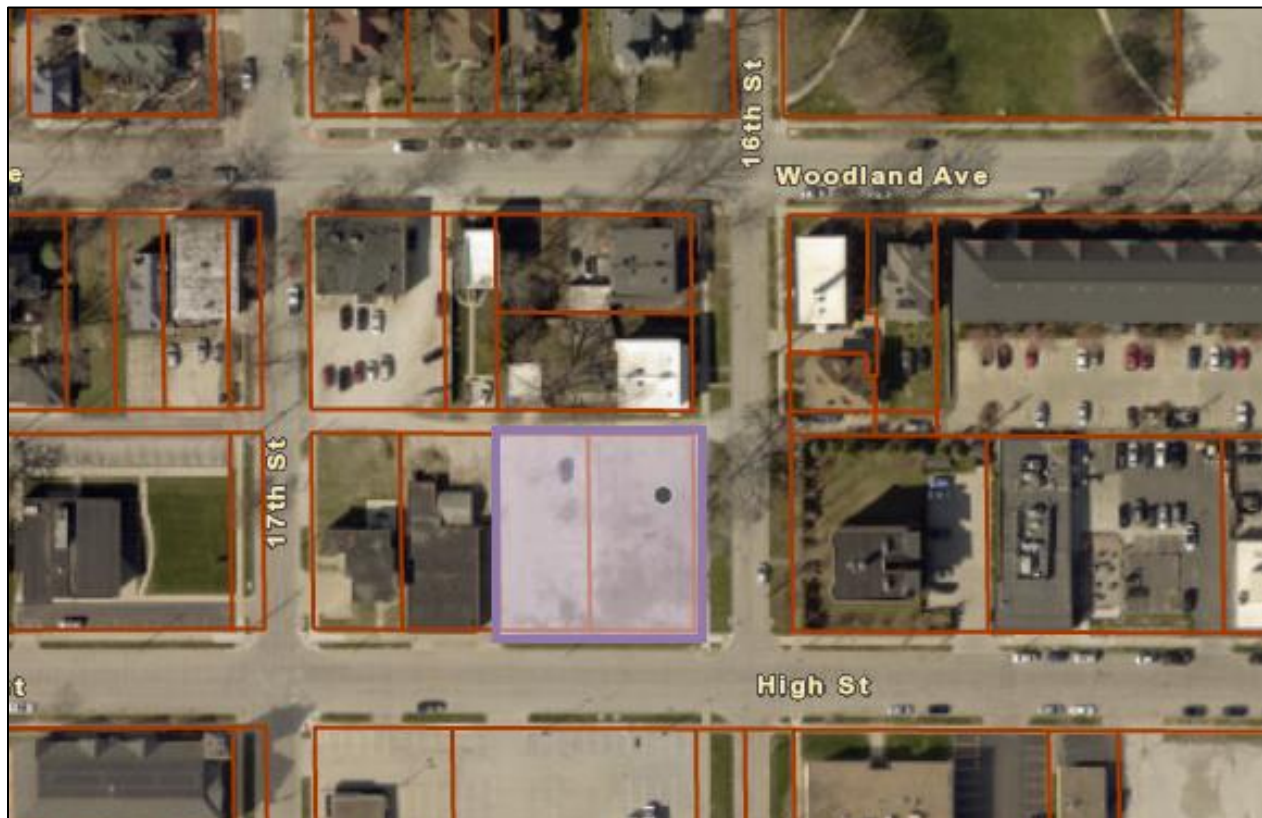
\$276,360 land assessment

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.
- Six (6) electric vehicle charging stations will be provided on site, and the Developer is planning for all-electric construction of the residential space.
- The Developer will also participate in MidAmerican Energy's Commercial New Construction energy efficiency program.

Site Context



Architectural Renderings



**PREVIOUS COUNCIL ACTION(S):**

Date: October 3, 2022

Roll Call Number: [22-1526](#)

Action: [Preliminary](#) terms of an Urban Renewal Development Agreement with Hoyt, LLC for the construction of a 47-unit apartment building located at 610 16th Street. ([Council Communication No. 22-469](#)) Moved by Gatto to adopt. Second by Bosen. Motion Carried 7-0.

**BOARD/COMMISSION ACTION(S):**

Board: Urban Design Review Board

Date: January 24, 2023

Resolution Number: NA

Action: Motion to recommend approval of the final design as presented by Clark. Seconded by Ward. Motion carried. Yes – 7, No – 0, Absent – 2, Abstain – 0.

Motion to recommend approval of the financial assistance package as presented by Clark. Seconded by Nagle. Motion carried. Yes – 7, No – 0, Absent – 2, Abstain – 0.

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

- City Council – Certificate of Completion

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