


COUNCIL COMMUNICATION

	Number:	23-512	Meeting:	November 20, 2023
	Agenda Item:	22	Roll Call:	23-1618
	Submitted by:	Cody Christensen, Development Services Director		

AGENDA HEADING:

Resolution Approving the first amendment of an Urban Renewal Development Agreement with Hoyt, LLC for the construction of a 44-unit apartment building located at 1619 High Street.

SYNOPSIS:

Hoyt, LLC (Ryan Wade, Partner, 1315 Tamarack Trail, Iowa City, IA 52240) is proposing the construction of a 44-unit apartment building at 1619 High Street. Total project cost is estimated at \$11.7 million. Construction is anticipated to begin in the fall of 2024 with completion anticipated in late 2025. This building represents Phase 2 of the larger development which includes High Street Lofts I, currently under construction on the parcel directly east of the subject property.

The Office of Economic Development has negotiated the first amendment 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 for this Phase 2 portion of the project. Additional details on the amended 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 \$2.2M in project-generated tax increment on a net-present-value (NPV) basis (at a 4.5% discount rate) based on the following schedule: 95% in years one (1)-12, 90% in years 13-15, 85% in years 16 & 17 and 75% in years 18-20. The Developer will forgo 10-year declining residential tax abatement on the project. The TIF is estimated to comprise 18.4% of the total project financing.

The current assessed value of the existing property is \$260,500. Upon completion of the project, the total assessed value of the property including building and land is estimated at \$7,260,000.

Year	Estimated Taxes Received without Project*	Estimated Taxes Received with Project*	Incentive Paid	Estimated Net Taxes Received
Sum 10 Years	\$ 90,017	\$2,089,914	\$1,630,182	\$ 459,732
Sum 20 Years	\$224,554	\$4,636,614	\$3,339,237	\$1,297,377
Sum 30 Years	\$388,535	\$7,736,492	\$3,339,237	\$4,397,255

*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:

\$7,260,000 building valuation

\$249,480 land assessment

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

ADDITIONAL INFORMATION:

- The project is located on the corner of the High Street and 17th Street intersection and will include a total of 44 dwelling units containing a mix of studio, one (1) & two (2)-bedroom units.
- At conception, Phase 2 of High Street Lofts was envisioned as a smaller project with fewer units which included the rehabilitation and reuse of one of the existing structures. As the site design and project proforma evolved, the rehabilitation path became no longer viable or financially feasible.
- The Developer has committed to providing 10% of the residential units (including one {1} two {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) electric vehicle charging stations will be provided on site, and the Developer is planning all-electric construction of the residential space. The Developer will also participate in MidAmerican Energy’s Commercial New Construction energy efficiency program.
- The project is a recipient of a 2023 Workforce Housing Tax Credit award.

Site Context



Architectural Renderings



PREVIOUS COUNCIL ACTION(S):

Date: February 6, 2023

Roll Call Number: [23-0165](#)

Action: [Final Terms](#) of an Urban Renewal Development Agreement and Conceptual Development Plan with Hoyt, LLC for the construction of a 47-unit apartment building located at 610 16th Street. ([Council Communication No. 23-070](#)) Moved by Gatto to adopt. Second by Boesen. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Urban Design Review Board

Date: November 7, 2023

Resolution Number: NA

Action: Ward moved to recommend final design of the project as presented. Hielkema seconded the motion. Motion carried. Yes – 7, No – 0, Abstain – 0, Absent – 3. Motion to recommend approval of the financial assistance package as presented by Clark. Seconded by Allen. Yes – 7, No – 0, Abstain – 0, Absent – 3.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- City Council – Certificate of Completion

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.