

# Schrom Construction TIF Request

Nate Carlson, Economic Development Coordinator

July 23, 2019

# Project Overview

- Schrom Construction
  - Southeast Minnesota Construction Company specializing in affordable housing
  - Operating since 2011
  - Located in Eagle Lake, MN
  - Completed projects in 9 different communities totaling 309 units of housing
- Housing Project Opportunity
  - Identified the demand for affordable housing in Northfield
  - Approached City regarding infill lots available
  - Acquiring property at Maple Street South and Ford Street East
  - Request for Tax Increment Financing
    - Site Improvements (Maple Street construction and Site Preparation)

# Site Location

- 2.4 Acres
- Maple Street to be extended to service the project



# Type of Housing

- Workforce Housing
  - 24 townhome units to be constructed
  - Four and six unit row style townhomes
  - Providing a mix of two and three bedrooms
  - Individual attached garage parking
  - Additional parking available on site
  - Buildings constructed for optimal energy efficiency
  - Reducing environmental impacts
    - High efficiency HVAC Systems
    - Energy efficient appliances

# City Strategic Planning Goals

- Affordable Housing Needs
  - Current rental vacancy rate in Northfield <1%
    - Vacancy rates of 5% indicate healthy rental market
    - Low vacancy rates can inflate rental prices due to high demand
  - MN Statute restricts housing TIFs to specific rental prices
    - 20% of the units will be affordable for 50% AMI renters (5 units)
    - Other 19 units will be affordable for 80% AMI
  - City Strategic Plan target 40 affordable/workforce units
    - 24 units could be defined as both affordable and workforce
    - HRA supports TIF

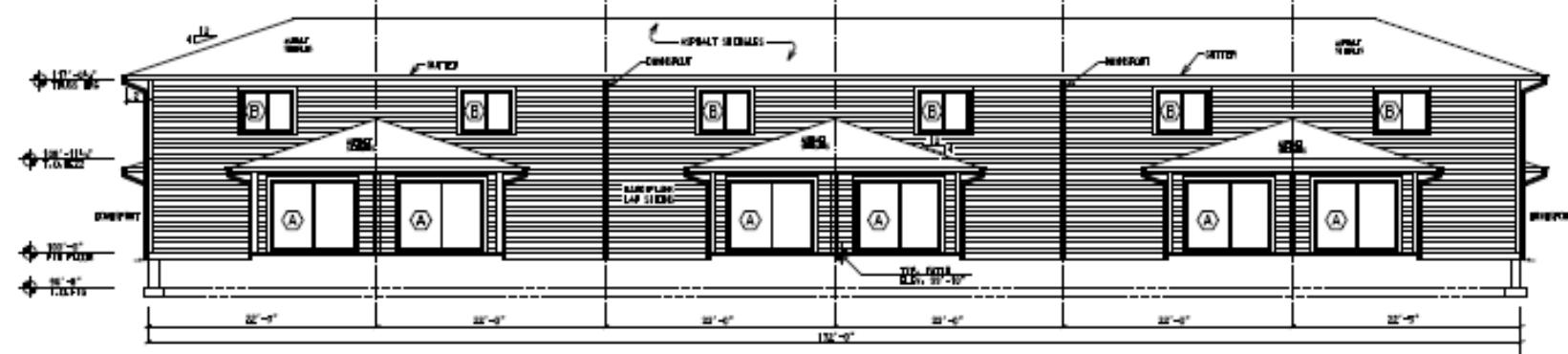
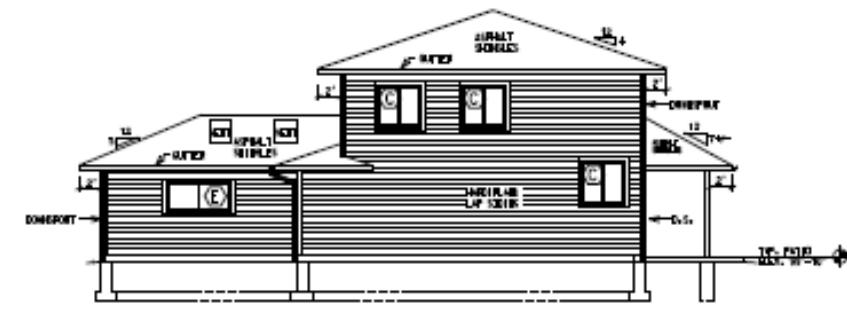
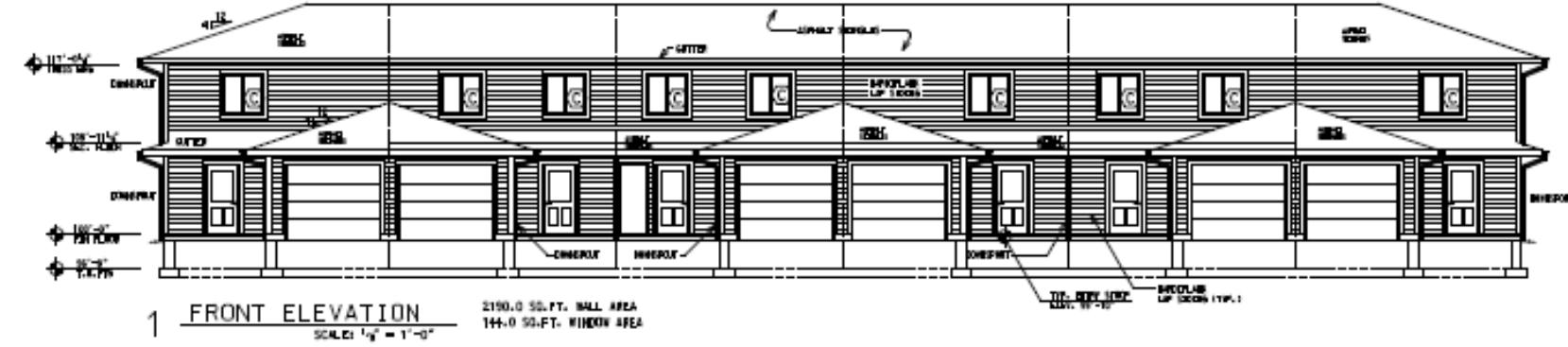
Northfield Area Median  
Income - \$54,642  
50% AMI - \$27,321  
80% AMI - \$43,713

\*2016 ACS Data

# Project Examples



# Project Elevations



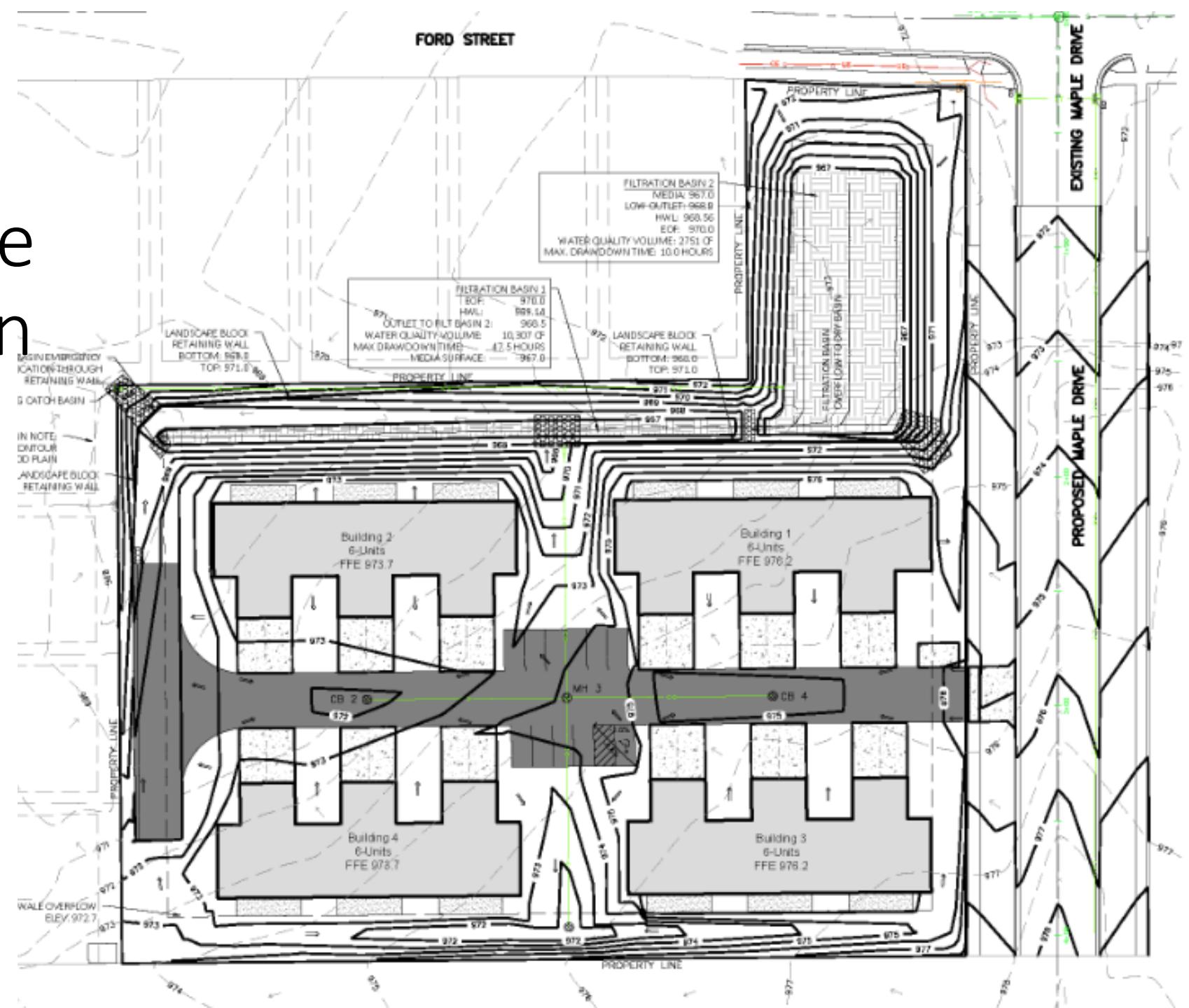
17 BACK ELEVATION

SCALE: 1" = 1'-0"

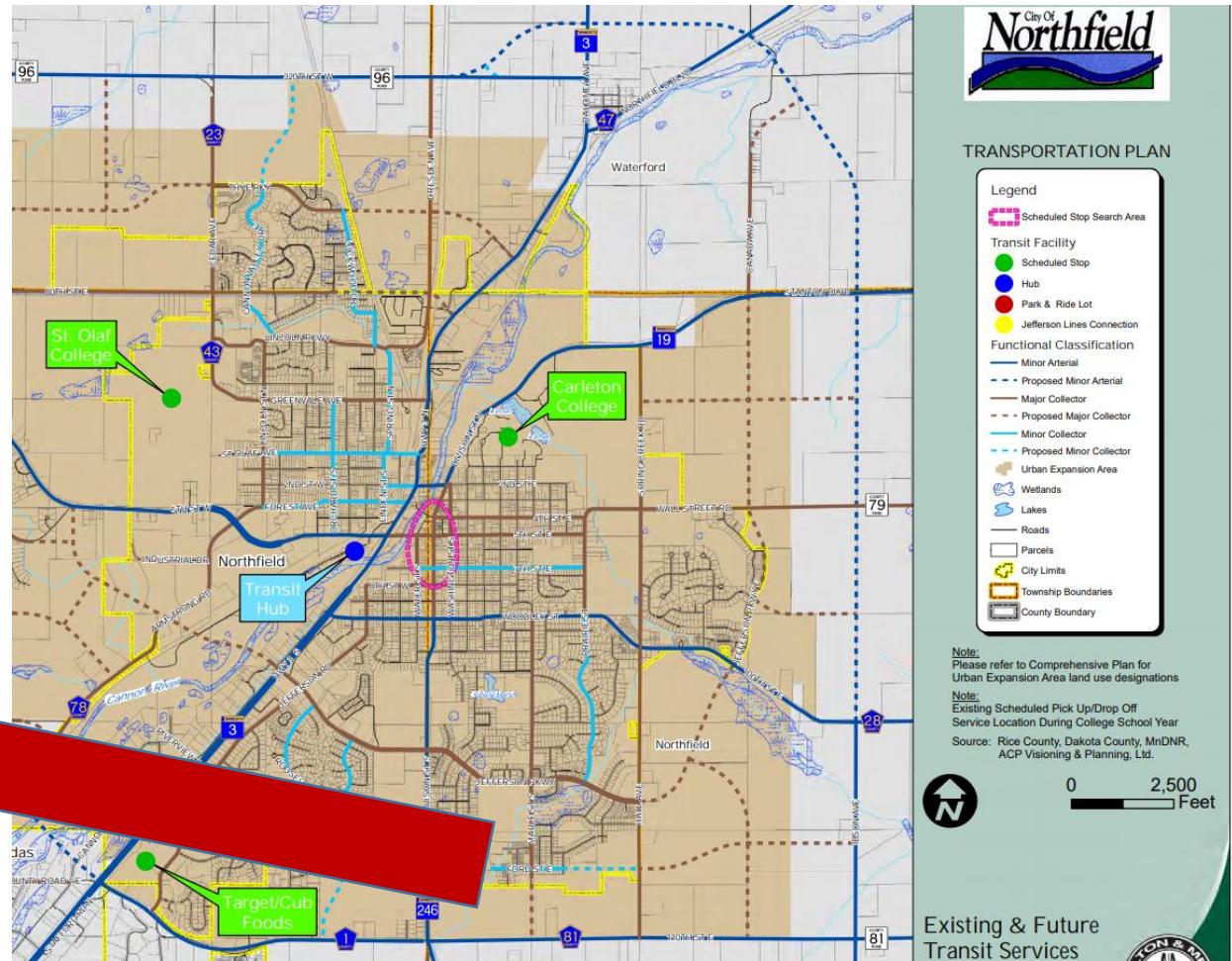
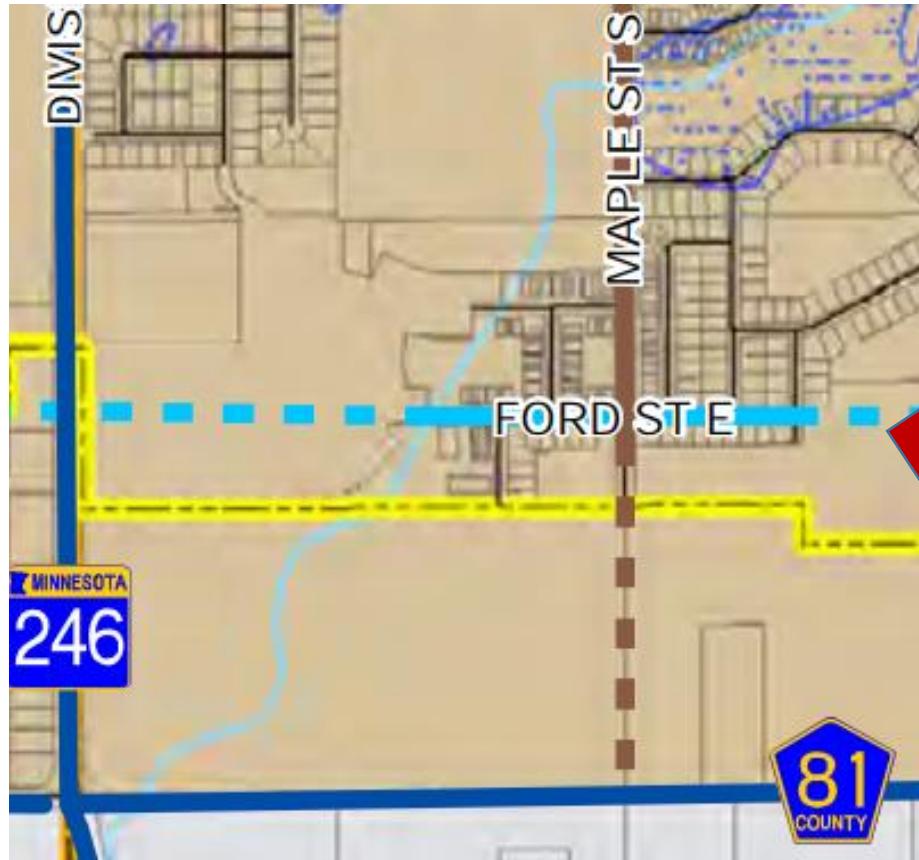
2190.0 SQ.FT. WALL AREA  
440.0 SQ.FT. WINDOW AREA

#### **NOTE:**

# Site Plan & Proposed Maple Street Extension



# Future Street Layout



Maple Street & Ford Street  
\*Intersection of a Minor and Major Collector

# Tax Increment Financing

- Project need for assistance
  - For project to occur in Northfield, major site improvements are required
  - Significant costs related to road construction, site preparation and foundation
  - Project could occur elsewhere (Developer has identified other communities)
  - \$3.8 million project
- Tax Increment Financing
  - Housing Development TIF District (25-year duration)
  - Capture increment for affordable housing projects (i.e. rent restricted per statute)
  - Current request set up for a “Pay-as-you-go;” no up-front financing requested, assistance with cash flow over the duration of the TIF
  - Project assistance with site improvements and annual cash shortfall (Total Amount to be determined)

# Schedule of Events

- Staff and Ehlers Review
  - Recommended approval of the Business Subsidy (TIF)
- HRA Board met February 26
  - Approved Resolution recommending Council approval of Business Subsidy (Housing Development TIF District)
- Planning Commission held review of variances April 18
  - Variances approved for development
- City Council to hold Public Hearing on July 2 & July 23
  - Public Hearing for TIF Plan
- City Council Meeting on July 23
  - Approve the TIF District
  - Approve the TIF Agreement
  - Approve the Public Improvements Development Agreement