



Legislation Text

File #: Res. 2019-085, **Version:** 1

City Council Meeting Date: August 20, 2019

To: Mayor and City Council
City Administrator

From: Nate Carlson, Economic Development Coordinator
Mitzi Baker, Community Development Director

Call for Public Hearing to establish the 5th and Washington Tax Increment Financing District and a TIF Plan request by Rebound Real Estate, LLC.

Action Requested:

The Northfield City Council considers approving the attached Resolution Calling for a Public Hearing to be held on October 1, 2019. The public hearing and future regular meeting item will include additional detail and will be an opportunity for the public comment, questions, and council deliberation.

Summary Report:

Rebound Real Estate, LLC, in partnership with the Stencil Group, are requesting Tax Increment Financing (TIF) incentives to assist with a major redevelopment project consisting of a 79-unit urban residential complex south of 5th Street and west of Washington Street, referred to as 5th Street Lofts. The developers, Rebound and Stencil, have provided an application for the TIF assistance, along with additional assistance requests to make this a feasible project. The development team introduced their project concept to Community Development staff in the spring and introduced the project to the EDA in June and the City Council in July, 2019.

The City's financial consultant and staff completed a thorough review of the subsidy application and confirm this application meets criteria and can be considered a feasible TIF project.

Rebound Real Estate and Stencil Group propose to construct a \$14.36 million urban residential development at the southwest the corner of 5th Street and Washington Street. This redevelopment project will have enclosed parking for tenants, and may include a public parking component if the City chooses to participate in costs directly related to public parking. There are significant site improvements with this redevelopment project as well as site acquisition costs. These costs, as well as the projected shortfall in operating cash flow, are eligible uses for TIF as well as other incentives that will be considered by the EDA and City to make the project financially feasible.

The project Site Plan is expected to be reviewed by the Development Review Committee in the coming weeks. If financing for the project is secured, the developers intend to begin construction this fall.

Alternative Options:

N/A

Financial Impacts:

- TIF Amount Requested: 25 years of TIF (Amount to be determined)
- Type of TIF District: Redevelopment District (25-year Maximum District Life)
- TIF Uses: Site improvements, engineering of footings and foundations and assistance with annual cash shortfall
- TIF Funding Structure: “Pay-as-you-go.” The Developer will incur all upfront costs and be reimbursed over time from new taxes generated by the project.

Tentative Timelines:

August 19 - Rice County and Northfield School District notified of draft TIF Plan

September 18 - Publication of notice of public hearing for Business Subsidy

October 1 - Council holds public hearing on Business Subsidy/TIF

October 1 - Council consideration of Resolution approving TIF District and TIF Assistance Agreement