



ECONOMIC DEVELOPMENT AUTHORITY

AGENDA SECTION	BUSINESS ITEM
MEETING DATE	MARCH 7, 2022

ITEM:	Establishment of the 42 nd and Jackson Tax Increment Financing District	
DEPARTMENT:	Community Development	BY/DATE: Aaron Chirpich – 3/2/22

BACKGROUND:

Reuter Walton Development has requested public financial assistance in the form of tax increment financing (TIF) to facilitate the redevelopment of the City's vacant development site located north of and contiguous with the Public Safety campus. Reuter Walton has received approval from the City to construct a 62-unit affordable apartment community on the property.

Before the EDA can move to establish a TIF district for the Reuter Walton project, the EDA must amend the TIF Plan and district boundaries of TIF district No.9. TIF district No. 9 was created in 2000 to facilitate the development of the Columbia Court Townhomes and Crestview Senior Living projects that are located just to the south, and east of the City's vacant development site. At the time of the creation of TIF district No. 9, the City's Public Safety site, including the vacant portion being redeveloped by Reuter Walton, was included in the district boundaries. When TIF district No.9 was established, the City did not have plans to build the Public Safety campus on the site. Therefore, it was included in the district as a future private redevelopment site. Before creating a new TIF district for Reuter Walton, the Public Safety parcel, which currently includes the vacant development site, needs to be removed from TIF district No.9.

To finalize the plans for the new Reuter Walton TIF district, there are several details still being discussed and reviewed between staff, the EDA's public financing consultant Ehlers, and Reuter Walton to verify the full extent of TIF assistance needed. The possible uses for which TIF is being considered include; land acquisition, site preparation, affordable housing, and utility related work. Within the City of Columbia Heights, the Economic Development Authority is authorized to exercise Tax Increment Financing powers; however the EDA may not exercise any TIF powers without approval of the City Council. Review and approval by the Council is scheduled for a public hearing at the March 14th regular City Council meeting. Since the EDA is authorized to exercise TIF powers, the EDA must make certain findings of fact that are detailed in the attached TIF plan ahead of the Council's consideration of the new district.

Previously, the EDA and Council established a redevelopment project designated as the Downtown Central Business District Revitalization Plan. The revitalization plan has encouraged development and redevelopment throughout the City; however, modifications to the plan must be made to encompass the potential development being proposed by Reuter Walton. The TIF Plan attached to this report is merely a planning document that reflects the maximum potential of the proposed TIF district. The plan in no way constitutes the terms, length, or dollar amount of the proposed TIF district. The term, length, and dollar amount will be part of a separate document, called the Contract for Private Redevelopment. If the City Council approves the TIF Plan at their March 14th public hearing, that contract will be considered by the EDA at a subsequent meeting.

The structure of the proposed TIF district and the general outline of the project being contemplated by Reuter Walton are detailed in the TIF Plan. The project is comprised of a 62-unit income based affordable housing

complex. The maximum duration of the TIF district is 26 years, and the estimated annual tax increment is \$71,868. Ehlers has completed the TIF Plan on behalf of the City and EDA, and a full copy of the plan is attached to this report.

Before the 42nd and Jackson TIF district is established, the EDA will incur certain administrative costs related to the creation of the district. These costs are eligible to be paid (reimbursed) with tax increments generated by the district. To ensure repayment of these costs, the EDA must approve an interfund loan as part of the project. This interfund loan will allow the EDA to temporarily finance upfront administrative costs with current EDA fund reserves. Ehlers has recommended setting this loan amount at \$50,000.

Before the EDA there are three (3) resolutions for consideration. Resolution 2022-05, a resolution approving the removal of a parcel from TIF District No.9, Resolution 2022-06, a resolution modifying the downtown revitalization plan, establishing the 42nd and Jackson TIF district, and adopting the TIF plan; and Resolution 2022-07, a resolution authorizing an interfund loan for the EDA to be reimbursed for qualified costs from the TIF District.

RECOMMENDED MOTION(S):
MOTION: Move to waive the reading of Resolution 2022-05, there being ample copies available to the public. MOTION: Move to adopt Resolution 2022-05, a resolution approving the removal of a parcel from tax increment financing district NO.9 within the downtown central business district redevelopment project. MOTION: Move to waive the reading of Resolution 2022-06, there being ample copies available to the public. MOTION: Move to adopt Resolution 2022-06, a resolution adopting a modification to the downtown central business district revitalization plan for the downtown central business redevelopment project, establishing the 42nd and Jackson tax increment financing district therein, and adopting a tax increment financing plan therefor. MOTION: Move to waive the reading of Resolution 2022-07, there being ample copies available to the public. MOTION: Move to adopt Resolution 2022-07, a resolution authorizing an interfund loan for the advance of certain costs in connection with the 42nd and Jackson tax increment financing district.

ATTACHMENT(S):

- Resolution 2022-05
- Resolution 2022-06
- Resolution 2022-07
- Site Map
- 42nd and Jackson TIF District Plan