



ECONOMIC DEVELOPMENT AUTHORITY

AGENDA SECTION	BUSINESS ITEM
MEETING DATE	JUNE 7, 2021

ITEM:	Establishment of the Alatus Tax Increment Financing District
DEPARTMENT: Community Development	BY/DATE: Aaron Chirpich – 6/3/2021

BACKGROUND:

Alatus LLC, has requested public financial assistance in the form of tax increment financing (TIF) to facilitate the redevelopment of the property located at 4300 Central Avenue NE. The current redevelopment plans for the site include the following base elements:

- 400-600 multifamily units on the east end of the site along Central Avenue
- 40,000 to 80,000 square feet of retail/commercial space beneath the multifamily housing
- Grocery store as anchor tenant in the commercial space
- Underground parking
- Public open/park space
- Single-family housing on the west side of the site

Before the EDA can move to establish a TIF district for Alatus at 4300 Central Avenue NE, the underlying TIF district that was created for Hy-Vee needs to be decertified and the redevelopment contract with Hy-Vee needs to be terminated. In 2016, the City approved the Central Value Center TIF district to facilitate the development of the proposed Hy-Vee grocery store. The TIF agreement with Hy-Vee was amended in 2018 to allow Hy-Vee more time to start their proposed project. Since that amendment, Hy-Vee has failed to execute on their redevelopment plans for the site and Alatus is under contract to purchase the property and deliver the project outlined above. The Central Value Center TIF district needs to be decertified and a new district created in its place because the parameters of the project have changed significantly, and the newly proposed project by Alatus includes TIF eligible costs that were not part of the proposed Hy-Vee development.

To finalize the plans for the new Alatus TIF district, there are several details still being discussed and reviewed between staff, the EDA's public financing consultant Ehlers, and Alatus to verify the full extent of TIF assistance needed. The possible uses for which TIF is being considered include; land/building acquisition, public improvements, utilities, and demolition. 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 June 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 TIF plan ahead of the Council's consideration of the new district. Therefore, the review of the TIF Plan by the EDA is required prior to the Council's public hearing.

Previously, the EDA and the Council established a redevelopment project designated as the Downtown Central Business District Revitalization Plan. The revitalization plan has encouraged development and redevelopment along Central Avenue; however, modifications to the plan must be made to encompass the potential development being proposed by Alatus. The TIF Plan being reviewed tonight 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 the June 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 Alatus are detailed in the TIF Plan. The project includes the development of 400-600 apartments, 40,000 to 80,000 square feet of retail, and 26 single-family homes. The maximum duration of the TIF District is 26 years, and the estimated maximum annual tax increment is \$1,928,397. Ehlers has completed the TIF Plan on behalf of the City and EDA. A full copy of the plan is attached to this report.

Before the Alatus 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 \$25,000.

Before the EDA tonight is consideration of three (3) resolutions. Resolution 2021-08, a resolution approving termination of the redevelopment contract with Hy-Vee and decertifying the Central Value TIF district, Resolution 2021-09, a resolution modifying the downtown revitalization plan, establishing the NE Business Center district, and adopting the TIF plan; and Resolution 2021-10, 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 2021-08, there being ample copies available to the public.
MOTION: Move to adopt Resolution 2021-08, a resolution approving termination of contract for private redevelopment and decertification of Central Value Center tax increment financing district.
MOTION: Move to waive the reading of Resolution 2021-09, there being ample copies available to the public.
MOTION: Move to adopt Resolution 2021-09, a resolution adopting a modification to the downtown CBD revitalization plan for the downtown central business redevelopment project, establishing the Alatus TIF district therein, and adopting a tax increment financing plan therefor.
MOTION: Move to waive the reading of Resolution 2021-10, there being ample copies available to the public.
MOTION: Move to adopt Resolution 2021-10, a resolution authorizing an interfund loan for advance of certain costs in connection with the Alatus TIF district.

ATTACHMENT(S):

- 1. Resolution 2021-08**
- 2. Resolution 2021-09**

- 3. Resolution 2021-10**
- 4. Alatus TIF District Plan**