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MEMORANDUM

TO: HONORABLE MAYOR AND CITY COUNCIL
CC: JOSHUA M. TETZLAFF, CITY ADMINISTRATOR
FROM: KEN ONDICH, PLANNING / COMMUNITY DEVELOPMENT DIRECTOR
SUBJECT: CALL FOR PUBLIC HEARING FOR POSSIBLE TAX ABATEMENT FOR +/- 155
UNIT MARKET RATE APARTMENT BUILDING– AS PROPOSED BY YELLOW
TREE
DATE: OCTOBER 2, 2024

At the City Council meeting on September 3rd, 2024, Yellow Tree introduced their possible +/- 155-unit market rate apartment development that could occur on PID 25.113.0050 (Outlot C, Raven Stream Village Third Addition) which is a 4.86-acre vacant lot near Raven Stream Elementary. At the meeting, the City Council expressed interest in the project and a possible tax abatement and directed staff to contact Scott County and School District regarding their possible interest in participating in the tax abatement.

Since the meeting on September 3rd, staff met with County staff and learned that the County does not participate in housing tax abatements, and they instead suggested looking at a TIF district instead. Additionally, staff discussed with School District staff that it was unlikely that they would participate in another tax abatement beyond the Ebert tax abatement already in motion.

That said, staff continued discussions with Yellow Tree, and we have narrowed down the request for tax abatement to a 75% abatement of City taxes only for a 15-year period. Attached is a memo from Mikaela Huot with Baker Tilly, who is the City's financial consultant, regarding the tax abatement request and how said request could be accommodated per the noted terms. Ms. Huot will also be in attendance at the meeting to discuss her memo.

As a refresher, the current owner of the property is JRD Holdings, LLC with whom Yellow Tree has a purchase agreement. The property is currently zoned RM Medium Density Residential and has utilities directly adjacent to the site. Since the property is currently an outlot, it does need to be platted and the site would also need to be rezoned to RH High Density Residential (which is a recommendation of the draft Comprehensive Plan update) to accommodate +/- 155 units (the plan attached to this memo actually shows 167 units of apartments and possibly an additional 18 rental townhome units, but both are subject to change).



The developer is currently completing their due diligence on the property, and this includes an inquiry to the City Council regarding their request for Tax Abatement to close the financial gap that exists to make the project a reality. Also attached to this memo is Yellow Tree's Company Profile which includes a listing of awards and publications that they have appeared in.

New information included, in addition to the updated memo from Baker Tilly, is a concept site plan and renderings of Yellow Tree's apartment project that is under construction in Farmington as a depiction of the type of product that they would build in New Prague.

Staff believes that the apartment building would provide the City with needed rental units, particularly for those seeking some additional amenities and that the long-term tax benefits to the City would outweigh the short-term abatement of property taxes.

Staff Recommendation

Staff recommends that the City Council determine if they would like to schedule a public hearing for the November 4th City Council meeting to consider a tax abatement at 75% of City Taxes for 15 years for the possible +/- 155-unit market rate apartment building.

Memo

To: Ken Ondich, City of New Prague
Joshua Tetzlaff, City of New Prague

From: Mikaela Huot, Director, BTMA

Date: October 7, 2024

Subject: Preliminary Tax Abatement Revenue Projections and Financial Analysis for
Proposed New 155-Unit Multifamily Market Rate Housing Project

Executive Summary

The City of New Prague (the “City”) has received a request for tax abatement assistance from Yellow Tree (the “developer”) to assist with financing a portion of the costs associated with construction of an approximate 155-unit multifamily residential rental market rate housing development in the City. The total development cost of the project has been estimated to be \$39,870,000. The City received preliminary taxable value estimates from Scott County for the project that range from \$34,875,000 - \$37,200,000 and would result in total taxes of \$449,432 and \$479,394, respectively. The developer requested tax abatement assistance from the City (and inquired as to possible participation of the County and School District) that would provide additional cash flow to the project as necessary to meet minimum debt coverage and equity returns. The developer initially requested up to 100% of the annual tax abatements based on City share of taxes, that may be adjusted both on an annual basis, as well as potential participation from other taxing entities. Potential participation from one or more other taxing entities could reduce the request of City’s share of tax abatement. Additional analysis and discussion with other taxing entities has resulted in a proposed tax abatement (City only) of up to 75% share of City taxes. 75% of the City’s share of taxes is estimated to be approximately \$138,193 per year and \$2,072,894 over 15 years.

Tax abatement is a financing tool the City may consider utilizing to provide cash flow assistance to the project. The incremental taxes generated from the new development may be rebated back to the developer based on each taxing entity’s share of taxes. Subject to specific terms of granting a tax abatement and participating entities, all or a portion of the taxes paid by the developer would be rebated back and limited to a total number of years and/or amount. Each taxing entity chooses to participate on its own following a public hearing that is noticed more than ten days prior to the public hearing.

Prior to granting a tax abatement, the City will need to determine that the benefits gained equal or exceed the cost to the City and the abatement is in the public interest. There is not a statutorily required ‘but-for test; however, many communities consider incorporating a determination that the project as proposed would not proceed without public assistance (meeting the “but-for” test) as well as consideration of increased market value of the property to be developed. When reviewing requests for financial assistance it is important to understand how the level of financial assistance would impact the ability of the project to proceed as proposed and maximize new value created on the current project site.

Review of the sources and uses and operating proforma based on the developer assumptions with pay-as-you-go assistance as compared to no assistance provides an understanding of financial feasibility for this project and need for public assistance. The purpose of the analysis is to test the level of assistance that may be needed using those assumptions and if the recommended structure is reasonable while remaining consistent with the City's objectives for providing assistance.

Based on the financial analysis and available financing assumptions, without financial assistance, the project does not appear to be feasible due to the projected cash flow projections. Without assistance, the projected cash flow is less than what would be necessary to support the level of debt financing and equity investment required for this type of project. The analysis indicates that the provided financing structure without assistance would not be financially viable without one or more of the following: 1) reduction in project costs 2) additional annual cash flow (tax abatement revenues, reduced financing rates or equity returns), and/or 3) additional funding sources. With annual public assistance through tax abatement, the project is projected to be more financially feasible by providing additional cash flow to the project. Public assistance is projected to have a positive impact on what the projected returns for the project could be as compared to no assistance.

The purpose of the memorandum is to provide a summary of the financial review of the development project costs and sources of revenue and operating pro forma as provided by the developer to provide preliminary tax abatement revenue projections based on up to 75% participation levels by the City and assist the City with understanding if public assistance is necessary. The other taxing entities have indicated they do not wish to participate so any tax abatement assistance would be based on city share only. Should the City choose to provide assistance, annual tax abatement revenues generated by the project would be remitted back to the developer to provide additional cash flow.

Developer Request for Assistance

The developer has requested assistance from the City through tax abatement with an estimated annual amount of approximately \$299,650 based on taxes due of \$399,534. The total development costs are approximately \$39,870,000. Upfront funding sources to support development costs include construction financing and developer equity. The primary loan is approximately 70% of total funding sources and investor equity would be 30%. We would expect to see the primary debt financing percent in the range of 60-75%, subject to availability of net operating income with the remaining sources as secondary mortgage, equity or grants, as applicable. The overall project performance without assistance is lower than what lenders and investors would tolerate, thus resulting in a financial gap. Due to the current market environment and interest rates, annual debt service payments are higher with increased interest costs and lower overall funding amounts.

Total project costs that cannot be supported solely by the project alone could justify the need for public financial assistance and allow the project to proceed as proposed. In addition, current market conditions of increased interest rates requiring reduced debt financing and increased equity amounts have resulted in higher funding gaps. Tax abatement from the City would provide an additional funding source to the project that would facilitate the developer being able to obtain an appropriate level of upfront debt and equity funding and meet minimum debt coverage and investor return metrics. Summary of the sources and uses of funds is illustrated in Table 1 below.

The recommendation for a reasonable level of public assistance is balanced by a combination of public benefit and projected financial cash flow performance of the project, public policy guidelines/considerations and potential financial parameters as further outlined below:

- Return on Investment: *(City benefits)*
- Purchase price and other development costs: *(reasonable ranges and supported by project)*
- Public to private investment: *(public participation limit of 10%)*
- Public assistance and private equity: *(public does not exceed private equity)*
- Extraordinary costs: *(new development)*
- Financial gap: *(limit on private debt and equity)*
- Market conditions *(financing limitations)*

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- Term of assistance: (up to 15-20 years)
- Other identified public improvements: (case by case basis to be determined)

Sources and Uses of Funds

The proposed total development cost of the project is estimated to be \$39,870,000 and is summarized below.

Table 1: Sources and Uses of Funds

<u>Sources</u>			<u>Uses</u>		<u>Percent</u>	<u>Per Unit</u>
Bank Loan	27,909,000	70.00%	Land	1,100,000	2.76%	7,097
Equity	11,961,000	30.00%	Construction	32,550,000	81.64%	210,000
Grants	-	0.00%	Construction Contingent	1,000,000	2.51%	6,452
Deferred Developer Fee	-	0.00%	Soft Costs	1,270,000	3.19%	8,194
			Construction Loan Interest	1,800,000	4.51%	11,613
			Closing Costs	500,000	1.25%	3,226
			Operating Reserve	250,000	0.63%	1,613
			Developer Fee	1,400,000	3.51%	9,032
			Other		0.00%	-
					0.00%	-
					0.00%	-
					0.00%	-
Total	39,870,000	100.00%	Total	39,870,000	100.00%	257,226

Operating Assumptions

The developer provided a breakdown of the projected revenues from the individual unit types for the residential housing units based on number of bedrooms (studio, 1, 1+, 2, 2+ and 3-bedrooms). The estimated range is rents for each unit type of \$1,275, \$1,400, \$1,650, \$1,900, \$2,200 and \$2,300. The estimated operating revenues and expenditures include 3% annual inflationary increases and 5% stabilized vacancy rates (revenues). Total operating expense ratio for the residential project component is approximately 40% annually. Assumptions utilized for the operating proforma are generally reasonable as compared to industry standards and may warrant additional analysis as the project proceeds.

Tax Abatement Analysis

The following assumptions were used to estimate the amount of projected tax abatement revenues based on the respective taxing entity participants:

- Total project area
 - Parcel ID: 24.113.0050
- Total estimated base value of \$131,200
 - Assumed existing land value would be calculated as 'base'
- Estimated total taxable value upon completion (including base)
 - \$34,875,000 classified as residential rental
- Maximum term of tax abatement
 - 15 years with 3 taxing entity participation (City, County and School District)
 - 20 years with 1 or 2 taxing entity participation
- Anticipated term of tax abatement based on initial review
 - Up to 15 years with 75% City only
 - Sliding scale (reduced percentages in future years anticipated for all scenarios subject to further analysis and discussion)
- Construction commences in 2025 and completes in 2026

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- 100% assessed in January of 2027 for taxes payable in 2028
- Tax rates, class rates and future market values remain constant
 - Tax rates
 - City share: 42.427%
 - County share: 26.126%
 - ISD #721 share: 20.264%
 - 1.25% class rates for residential rental
 - 0% annual market value inflator

Table 2: Tax Abatement Revenue Estimates

Tax Abatement Revenue Projections	
Total Estimated Taxable Value	\$34,875,000
Scenario 1: City Only Participation 75% 15 Years	
City Share Total Estimated Annual Revenue Full Buildout	\$138,193
County Share Total Estimated Annual Revenue Full Buildout	\$0
School Share Total Estimated Annual Revenue Full Buildout	\$0
Total Gross Revenues	\$138,193
Estimated City Share (15 Years)	\$2,072,895
Estimated County Share (15 Years)	\$0
Estimated School District Share (15 Years)	\$0
Total over 15 Years	\$2,072,895

There is a statutory limit on the total amount of property taxes that may be abated by a political subdivision. The City's annual property tax abatement may not exceed (1) ten percent of the net tax capacity of the political subdivision for the taxes payable year to which the abatement applies, or (2) \$200,000, whichever is greater. We estimate the total City share of tax abatement from this project could be up to \$184,257 with 100% participation based on a taxable value of \$34,875,000. We recommend consideration for both existing abatements and potential future abatements as it relates to the City's maximum participation level on an ongoing basis. The City's 2024 taxable net tax capacity is \$11,371,733 allowing for the City's total tax abatement capacity of approximately \$1,137,173.

Project Financing

There are generally two ways in which assistance can be provided for most projects, either upfront or on a pay-as-you-go basis. With upfront financing, the City would finance a portion of the applicant's initial project costs through the issuance of bonds or as an internal loan. Future tax abatements would be levied for collection by the City and used to pay debt service on the bonds or repayment of the internal loan. With pay-as-you-go financing, the developer would finance all project costs upfront and would be reimbursed over time for a portion of those costs as revenues are available.

Pay-as-you-go-financing is generally more acceptable than upfront financing for the City because it shifts the risk for repayment to the developer. If revenues are less than originally projected, the developer receives less and therefore bears the risk of not being reimbursed the full amount of their financing. However, in some cases pay as you go financing may not be financially feasible. With bonds, the City would still need to make debt service payments and would have to use other sources to fill any shortfall of revenues. With internal financing, the City reimburses the loan with future revenue collections and may risk not repaying itself in full if revenues are not sufficient. The City has historically financed projects as pay-as-you-go for reimbursement to the developer of

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eligible costs. The request for assistance as related to this project would be as annual reimbursement/remittance based on a determination of a certain percentage of pledged annual abatements.

Conclusion

The developer has requested financial assistance as related to construction of a new 155-unit multifamily housing project that would include studios, 1 bedroom, 1 plus den, 2 bedrooms, 2 plus den and 3-bedroom units. The total development cost for the project is \$39,870,000 and the request for financial assistance is annual tax abatement assistance with an estimated annual amount of \$299,650. The project would be funded by approximately 70% debt (based on LTC ratio) with remaining sources being private equity or public assistance. The project has a financial gap and is seeking financial assistance from the City to close it. Through submission of the tax abatement request and supporting financial information, the developer has indicated that the project would not occur as proposed without financial assistance from the City due to below market rates of equity returns and debt financing.

Following analysis of the developer's financing assumptions and considering current market environment, without financial assistance, the project would not be financially feasible. However, the level of public assistance as requested is projected to have positive impact on the project performance. Without any public assistance, the projected debt coverage ratios are projected to be below industry standards. The analysis indicates that the provided financing structure would not be financially viable without one or more of the following: 1) reduction in project costs 2) additional annual cash flow (tax abatement revenues, reduced financing rates or equity returns), and/or 3) additional funding sources.

With public assistance through tax abatement assistance with additional annual cash flow, the project is projected to achieve higher debt coverage and returns. The project is projected to have sufficient cash flow after debt service and a structure that provides additional annual revenues. There are ranges of what would be considered market returns and are generally subject to the project type, market indicators, investor demands and financing structure. The level of public assistance is expected to have positive impact on projected returns for the project.

Considered parameters for level of public assistance include the following:

- Return on Investment: *(City benefits)*
- Purchase price and other development costs: *(reasonable ranges and supported by project)*
- Public to private investment: *(public participation limit of 10%)*
- Public assistance and private equity: *(public does not exceed private equity)*
- Extraordinary costs: *(new development)*
- Financial gap: *(limit on private debt and equity)*
- Market conditions *(financing limitations)*
- Term of assistance: *(up to 15-20 years)*
- Other identified public improvements: *(case by case basis to be determined)*

The developer has requested tax abatement from the City as a method of providing additional cash flow revenues required to achieve financial feasibility. Assistance may be provided through a pledge of annual tax abatement to provide additional cash flow to support debt repayment, enhance cash flow and increase the developer's return. We typically review both the annual (upon stabilization) and longer-term (10-year period) investment returns to understand financial performance and verification of need for public assistance, as well as identifying those costs considered extraordinary to the project.

Thank you for the opportunity to be of assistance to the City of New Prague. Please contact me at 651-223-3036 or mikaela.huot@bakertilly.com with any questions or to discuss.

Definition of Tax Abatement

Any political subdivision, including statutory cities, home rule charter cities, towns, counties, and school districts, is authorized to abate property taxes on selected parcels or defer the payments of the taxes and abate the interest and penalty that otherwise would apply, if:

- The benefits gained equal or exceed the cost to the political subdivision or the abatement phases in a property tax increase, and
- The abatement is in the public interest because it will:
 - increases or preserves the tax base;
 - provides employment opportunities;
 - provides or helps acquire or construct public facilities;
 - helps redevelop or renew blighted areas;
 - helps provide access to services;
 - finances or provides for public infrastructure;
 - phase in a property tax increase on the parcel resulting from an increase of 50% or more in one year on the estimated market value of the parcel, other than an increase due to improvement of the parcel; or
 - stabilize the tax base through equalization of property tax revenues for a specified time period with respect to a taxpayer whose real and personal property is subject to valuation under Minnesota Rules, chapter 8100.

Cities, counties, and school districts as combined jurisdictions may grant an abatement for no longer than 15 years (8 year maximum if no initial duration is specified), or for no longer than 20 years if two or fewer jurisdictions participate.

No back-to-back abatements. Eight years must pass before a new abatement can be applied.

In any given year, the total amount of property taxes abated by a political subdivision for all parcels may not exceed the greater of (1) 10% of the net tax capacity of the political subdivision for the taxes payable year to which the abatement applies, or (2) \$200,000.

The State will not reimburse school districts for lost taxes resulting from abatement.

Property in a tax increment financing district is not eligible for abatement; however, a tax abatement can be established following a tax increment district (as the proposed financing structure for this project).

Projected Tax Abatement Report

**City of New Prague, Minnesota
 Proposed Tax Abatement Assistance
 155 Unit Apartment Complex
 Draft Abatement Revenues: \$34.875M new taxable value**

Annual Period Ending	Total Market Value ⁽¹⁾	Total Net Tax Capacity ⁽²⁾	Less: Non-Abated Net Tax Capacity ⁽³⁾	Retained Captured Net Tax Capacity	Times: Tax Capacity Rate ⁽⁴⁾	Estimated Annual Property Taxes	Maximum Tax Abatement City * 42.43%	Maximum Tax Abatement County * 26.13%	Maximum Tax Abatement School * 20.26%	Estimated Project Abatement			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)			
12/31/28	34,875,000	435,938	1,640	434,298	91.649%	398,031	75%	138,193	0%	0	0	0	138,193
12/31/29	34,875,000	435,938	1,640	434,298	91.649%	398,031	75%	138,193	0%	0	0%	0	138,193
12/31/30	34,875,000	435,938	1,640	434,298	91.649%	398,031	75%	138,193	0%	0	0%	0	138,193
12/31/31	34,875,000	435,938	1,640	434,298	91.649%	398,031	75%	138,193	0%	0	0%	0	138,193
12/31/32	34,875,000	435,938	1,640	434,298	91.649%	398,031	75%	138,193	0%	0	0%	0	138,193
12/31/33	34,875,000	435,938	1,640	434,298	91.649%	398,031	75%	138,193	0%	0	0%	0	138,193
12/31/34	34,875,000	435,938	1,640	434,298	91.649%	398,031	75%	138,193	0%	0	0%	0	138,193
12/31/35	34,875,000	435,938	1,640	434,298	91.649%	398,031	75%	138,193	0%	0	0%	0	138,193
12/31/36	34,875,000	435,938	1,640	434,298	91.649%	398,031	75%	138,193	0%	0	0%	0	138,193
12/31/37	34,875,000	435,938	1,640	434,298	91.649%	398,031	75%	138,193	0%	0	0%	0	138,193
12/31/38	34,875,000	435,938	1,640	434,298	91.649%	398,031	75%	138,193	0%	0	0%	0	138,193
12/31/39	34,875,000	435,938	1,640	434,298	91.649%	398,031	75%	138,193	0%	0	0%	0	138,193
12/31/40	34,875,000	435,938	1,640	434,298	91.649%	398,031	75%	138,193	0%	0	0%	0	138,193
12/31/41	34,875,000	435,938	1,640	434,298	91.649%	398,031	75%	138,193	0%	0	0%	0	138,193
12/31/42	34,875,000	435,938	1,640	434,298	91.649%	398,031	75%	138,193	0%	0	0%	0	138,193
						\$5,970,465		\$2,072,894		\$0		\$0	\$2,072,894

⁽¹⁾ Total estimated market value based on preliminary value estimate following review by County Assessor very preliminary and subject to further review. Includes 0% annual market value inflator
⁽²⁾ Total net tax capacity based on rental class rate of 1.25%
⁽³⁾ Original net tax capacity based does include existing land value
⁽⁴⁾ Local tax capacity rate for the City of New Prague, Scott County and ISD 721 for taxes payable 2024

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PROJECT ADDRESS

ZONING
 CURRENT PRIMARY ZONING XXX
 PROPOSED REZONING PUD

SITE*
 TOTAL AREA 201,701 SF*
 SITE AREA - BUILDING FOOTPRINT 51,045 SF
 *Site area estimated from Scott County Property Map

SITE IMPERVIOUS AREA
 TOTAL AREA 201,701 SF*
 SITE AREA - PERVIOUS X,XXX SF - XX%
 SITE AREA - IMPERVIOUS X,XXX SF - XX%

FAR
 (insert primary zoning) ALLOWED X.X + (add bonuses if any) = X.XX (XX,XXX SF)
PROPOSED FAR = XX,XXX** / X,XXX = X.XX

PARKING REQUIRED
 PARKING REQUIRED 334 STALLS (2 PER UNIT)
PARKING PROVIDED 258 STALLS (1.58 PER UNIT)

BIKE PARKING REQUIRED XX SPACES
PROVIDED XX SPACES

BUILDING HEIGHT (INSERT ZONING) - ALLOWED XX'-0" / 4 STORIES
PROPOSED 3 STORY / 4 STORY ON EAST PART

REQUIRED APPLICATIONS
 -PUD

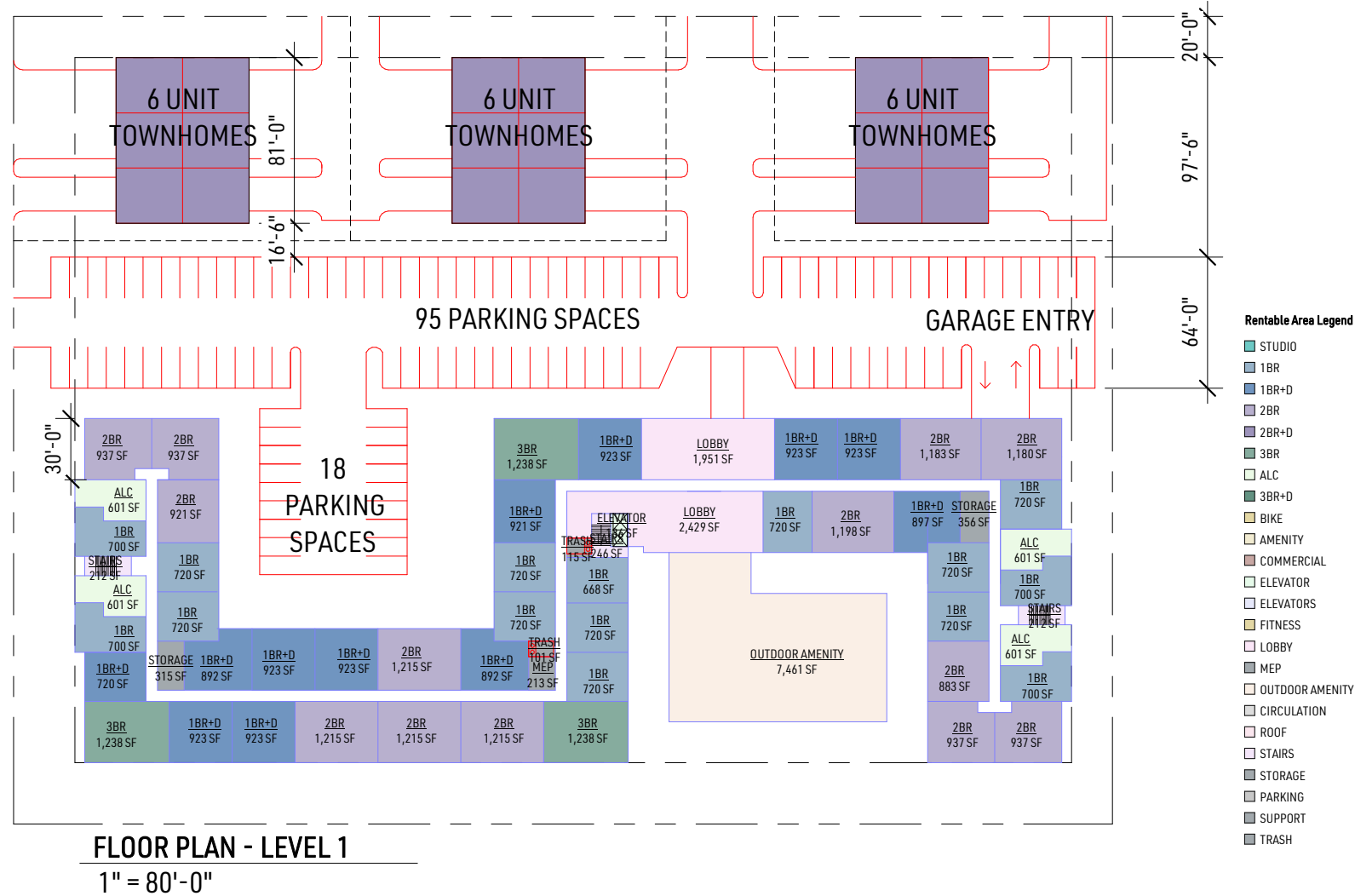


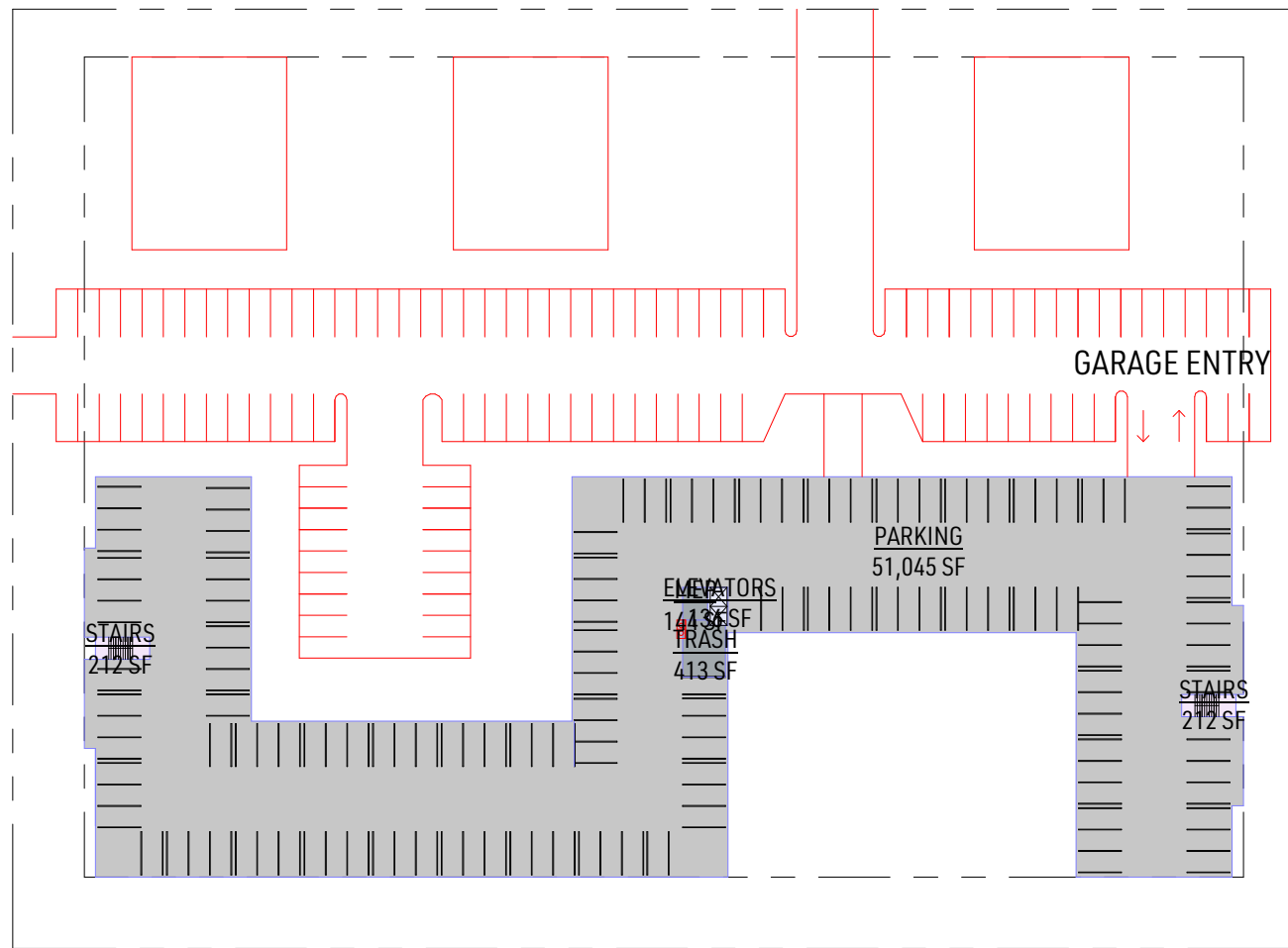
Scott Co Prop Map
 1" = 40'-0"

APARTMENTS AREA SCHEDULE (GROSS)		
Name	Level	Area
ELEVATORS	LEVEL P1	136 SF
MEP	LEVEL P1	144 SF
PARKING	LEVEL P1	51,045 SF
STAIRS	LEVEL P1	425 SF
TRASH	LEVEL P1	413 SF
LEVEL P1		52,162 SF
1BR	LEVEL 1	10,666 SF
1BR+D	LEVEL 1	10,779 SF
2BR	LEVEL 1	13,972 SF
3BR	LEVEL 1	3,713 SF
ALC	LEVEL 1	2,402 SF
ELEVATOR	LEVEL 1	136 SF
LOBBY	LEVEL 1	4,380 SF
MEP	LEVEL 1	213 SF
OUTDOOR AMENITY	LEVEL 1	7,461 SF
STAIRS	LEVEL 1	671 SF
STORAGE	LEVEL 1	670 SF
TRASH	LEVEL 1	216 SF
LEVEL 1		55,280 SF
1BR	LEVEL 2	11,439 SF
1BR+D	LEVEL 2	13,547 SF
2BR	LEVEL 2	13,972 SF
3BR	LEVEL 2	3,819 SF
ALC	LEVEL 2	2,402 SF
CIRCULATION	LEVEL 2	4,388 SF
ELEVATOR	LEVEL 2	136 SF
LOBBY	LEVEL 2	599 SF
MEP	LEVEL 2	313 SF
STAIRS	LEVEL 2	682 SF
STORAGE	LEVEL 2	670 SF
TRASH	LEVEL 2	195 SF
LEVEL 2		52,162 SF
1BR	LEVEL 3	11,439 SF
1BR+D	LEVEL 3	13,547 SF
2BR	LEVEL 3	13,972 SF
3BR	LEVEL 3	3,819 SF
ALC	LEVEL 3	2,402 SF
CIRCULATION	LEVEL 3	4,388 SF
ELEVATOR	LEVEL 3	136 SF
LOBBY	LEVEL 3	599 SF
MEP	LEVEL 3	313 SF
STAIRS	LEVEL 3	682 SF
STORAGE	LEVEL 3	670 SF
TRASH	LEVEL 3	195 SF
LEVEL 3		52,162 SF
1BR	LEVEL 4	3,782 SF
1BR+D	LEVEL 4	6,506 SF
2BR	LEVEL 4	3,560 SF
3BR	LEVEL 4	1,344 SF
ALC	LEVEL 4	601 SF
AMENITY	LEVEL 4	2,936 SF
CIRCULATION	LEVEL 4	1,872 SF
ELEVATOR	LEVEL 4	136 SF
LOBBY	LEVEL 4	611 SF
MEP	LEVEL 4	100 SF
ROOF	LEVEL 4	29,594 SF
STAIRS	LEVEL 4	671 SF
STORAGE	LEVEL 4	356 SF
TRASH	LEVEL 4	94 SF
LEVEL 4		52,162 SF
Grand total		263,929 SF

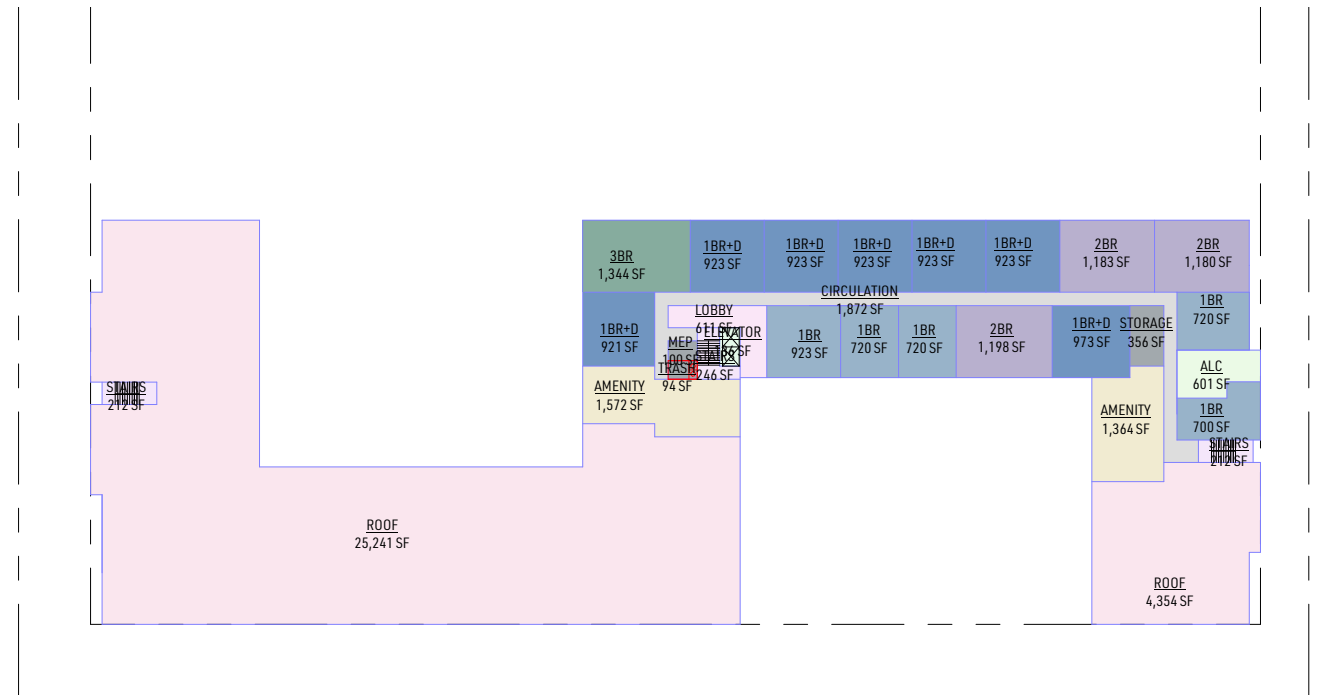
APARTMENTS UNIT COUNT BY TYPE	
UNIT TYPE	COUNT
1BR	52
1BR+D	49
2BR	42
3BR	10
ALC	13
ROOF	1
Unit Count: 167	

AREA SCHEDULE (RENTABLE)			
Name	Level	Count	Area
1BR	LEVEL 1	15	10,666 SF
1BR+D	LEVEL 1	12	10,779 SF
2BR	LEVEL 1	13	13,972 SF
3BR	LEVEL 1	3	3,713 SF
ALC	LEVEL 1	4	2,402 SF
47			41,532 SF
1BR	LEVEL 2	16	11,439 SF
1BR+D	LEVEL 2	15	13,547 SF
2BR	LEVEL 2	13	13,972 SF
3BR	LEVEL 2	3	3,819 SF
ALC	LEVEL 2	4	2,402 SF
51			45,178 SF
1BR	LEVEL 3	16	11,439 SF
1BR+D	LEVEL 3	15	13,547 SF
2BR	LEVEL 3	13	13,972 SF
3BR	LEVEL 3	3	3,819 SF
ALC	LEVEL 3	4	2,402 SF
51			45,178 SF
1BR	LEVEL 4	5	3,782 SF
1BR+D	LEVEL 4	7	6,506 SF
2BR	LEVEL 4	3	3,560 SF
3BR	LEVEL 4	1	1,344 SF
ALC	LEVEL 4	1	601 SF
ROOF	LEVEL 4	1	4,310 SF
18			20,102 SF
Grand total: 167			151,991 SF





LEVEL P1
1" = 80'-0"



04 - Rentable Area
1" = 80'-0"



TYPICAL FLOOR PLAN 2-4
1" = 80'-0"



VIEW FROM DUSHANE PARKWAY TOWARD NORTHEAST CORNER

DJR



SITE PLAN REVIEW
05.03.2024

**FARMINGTON
APARTMENTS**

Farmington, Minnesota
24-009.00

Exterior Rendering

A3.0



VIEW TOWARD MAIN PARKING ENTRY

DJR



SITE PLAN REVIEW

05.03.2024

**FARMINGTON
APARTMENTS**

Farmington, Minnesota

24-009.00

Exterior Rendering

A3.1

©2024 DJR



VIEW OF OUTDOOR AMENITY AREA

DJR



SITE PLAN REVIEW

03.29.2024

**FARMINGTON
APARTMENTS**

Farmington, Minnesota

24-009.00

Exterior Rendering

A3.2

©2024 DJR

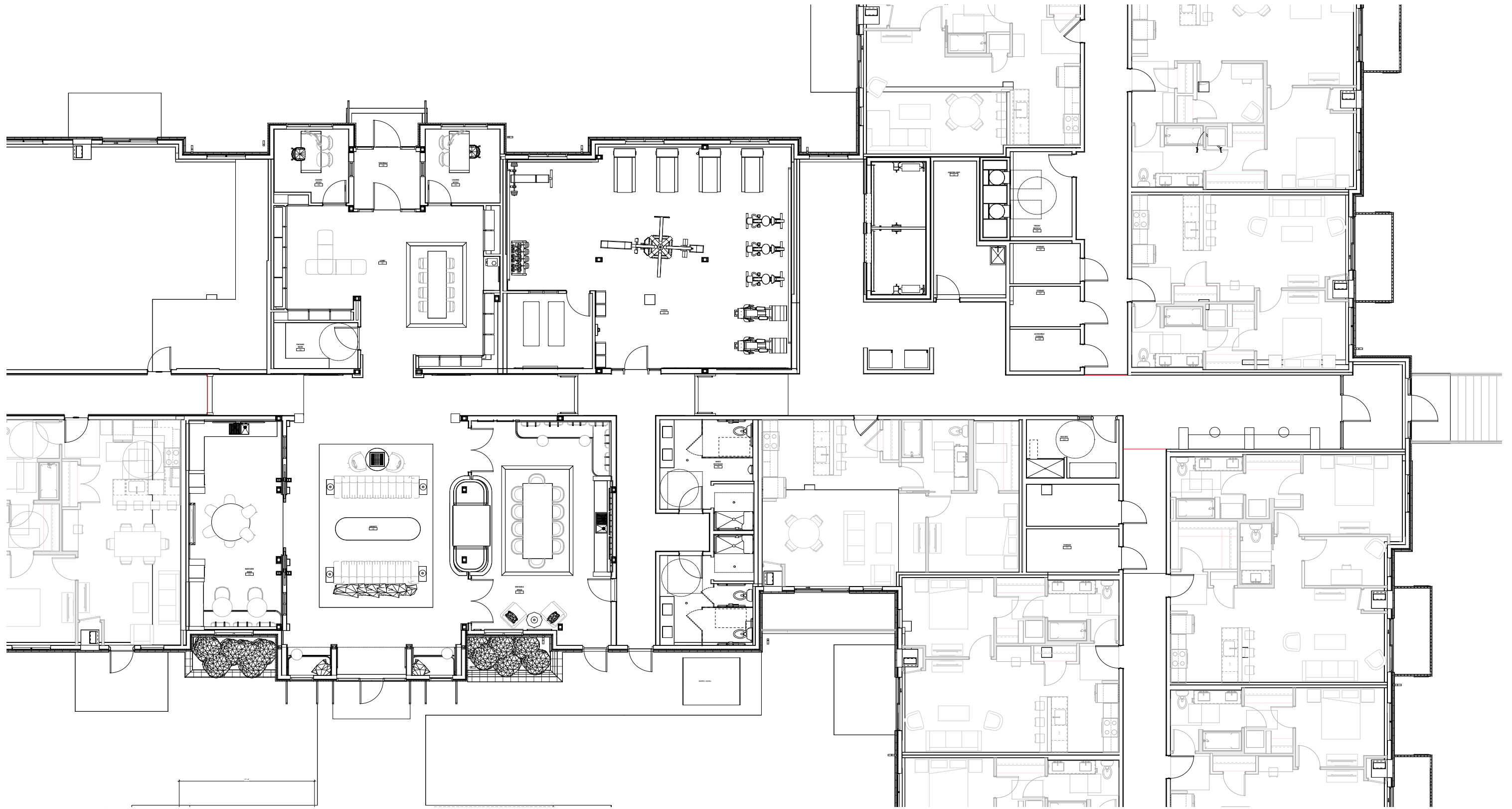
FARMINGTON APARTMENTS

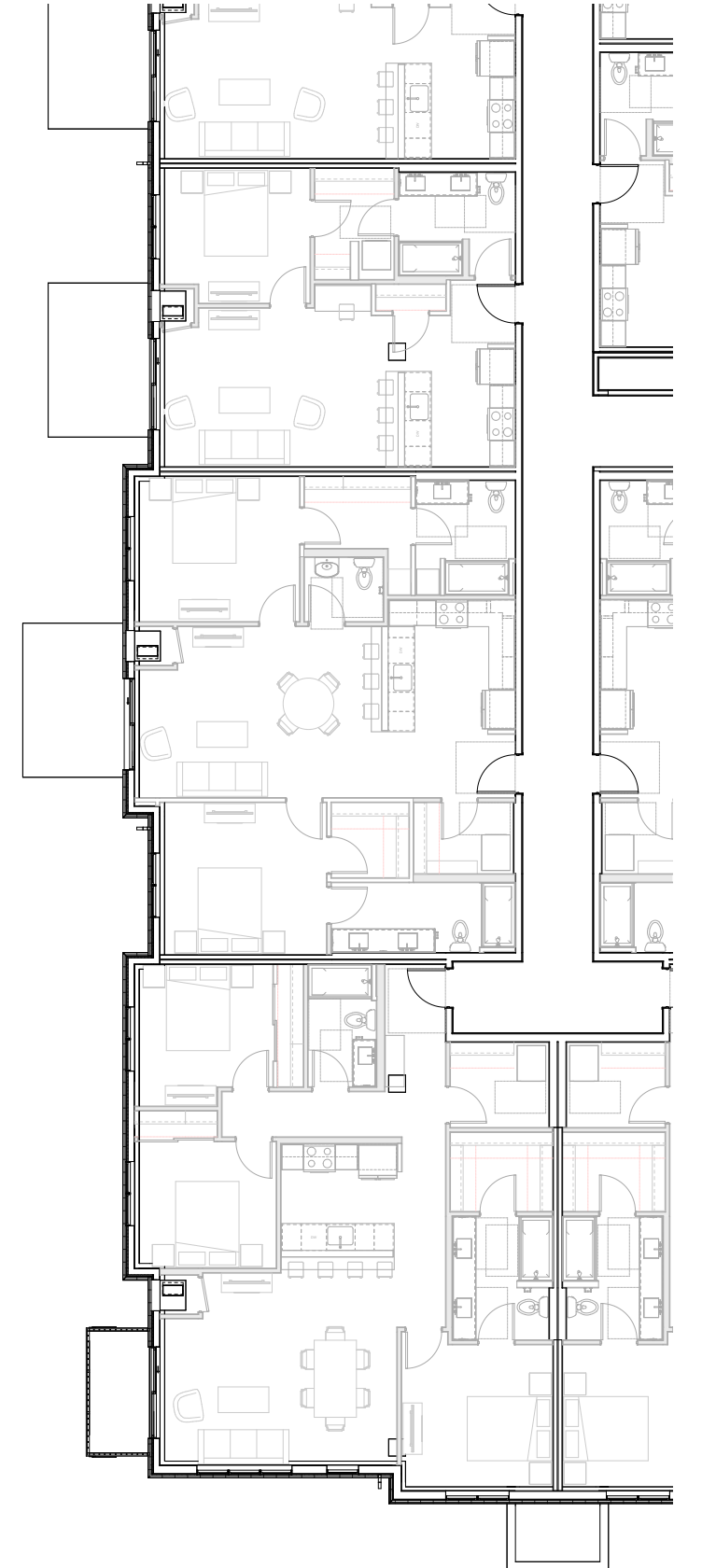
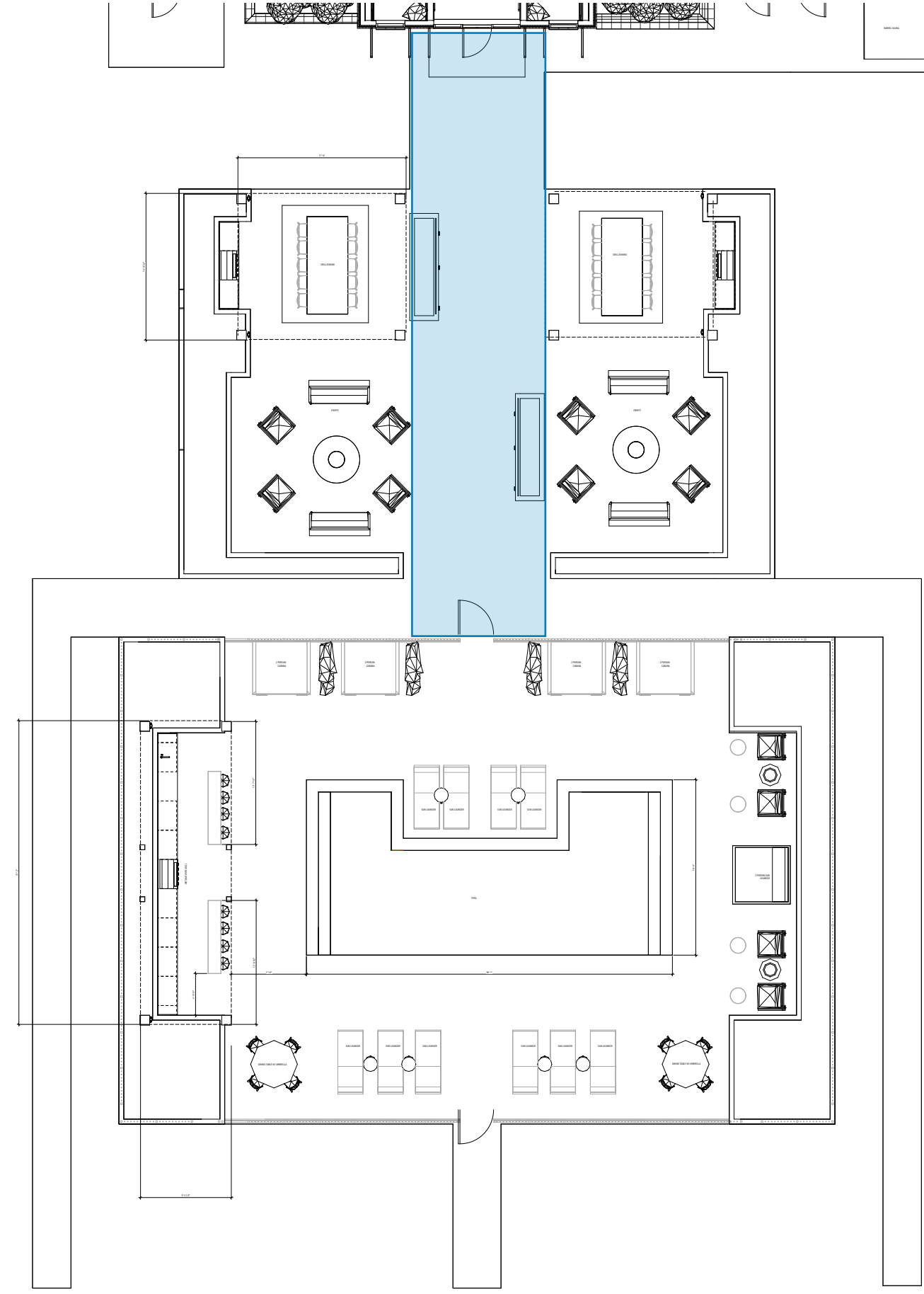
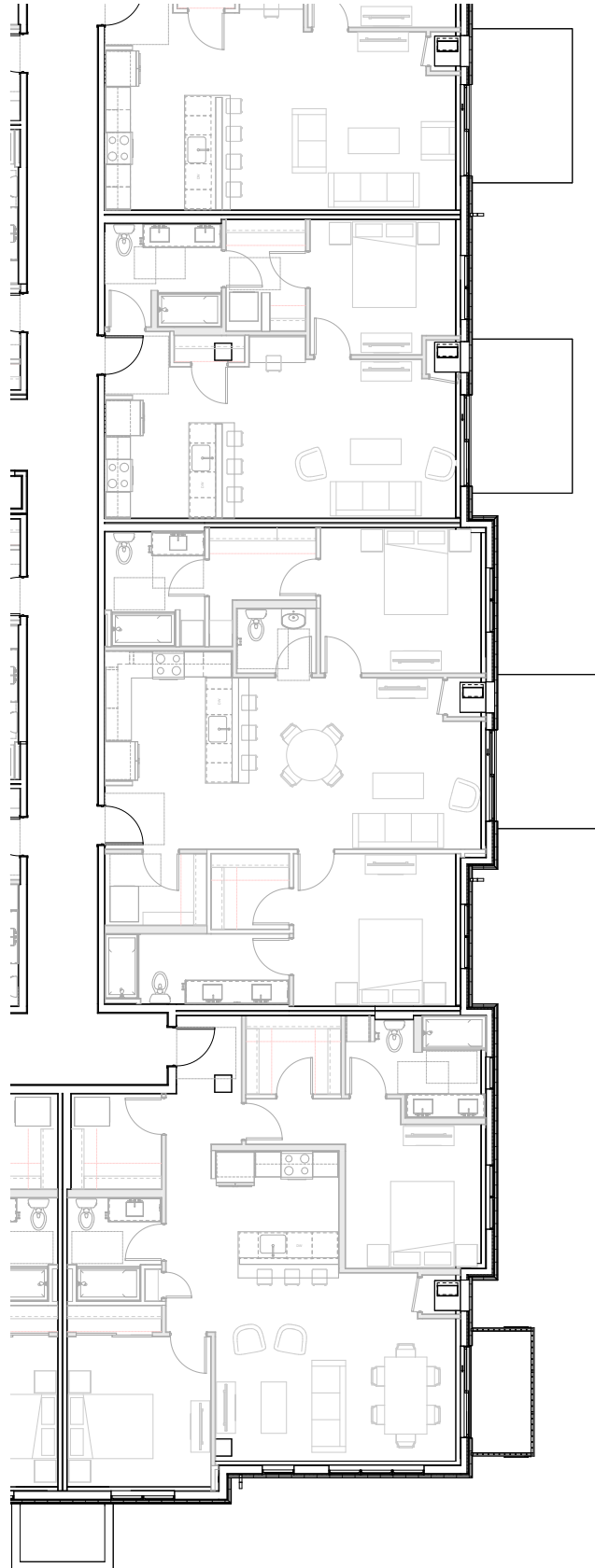


INTERIOR DESIGN - DD
9.17.24

DJR







FLOORING

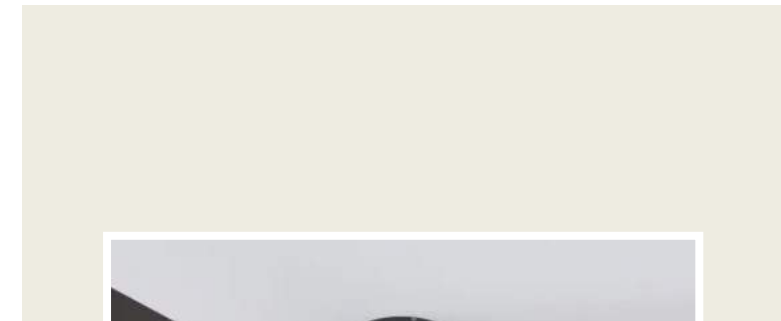


WALLS

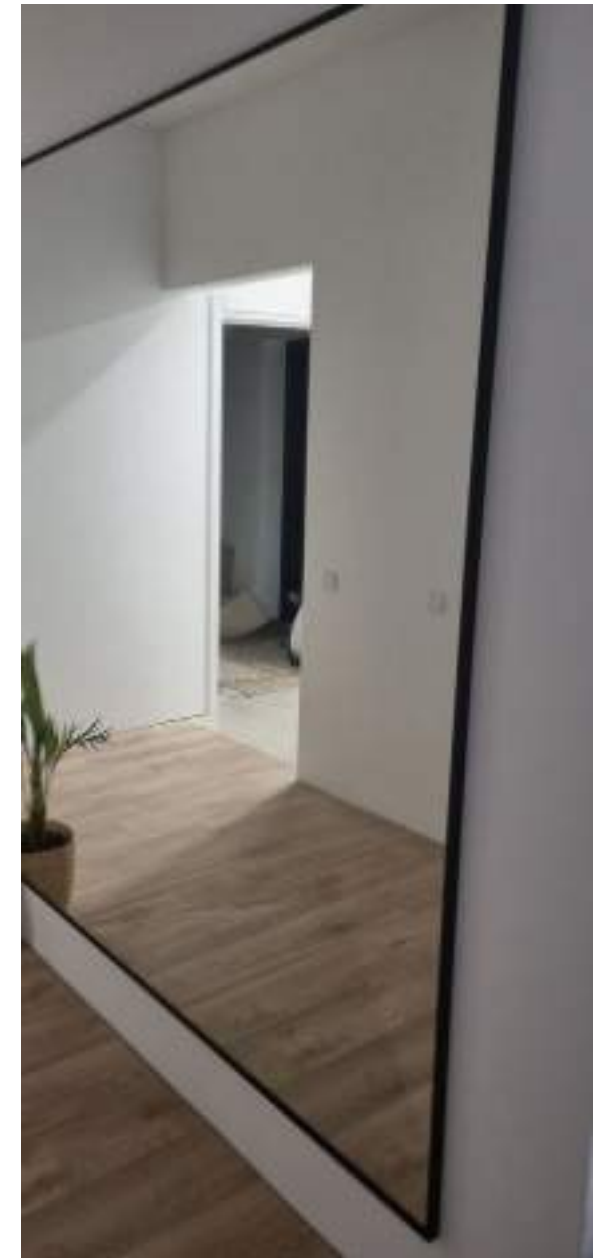


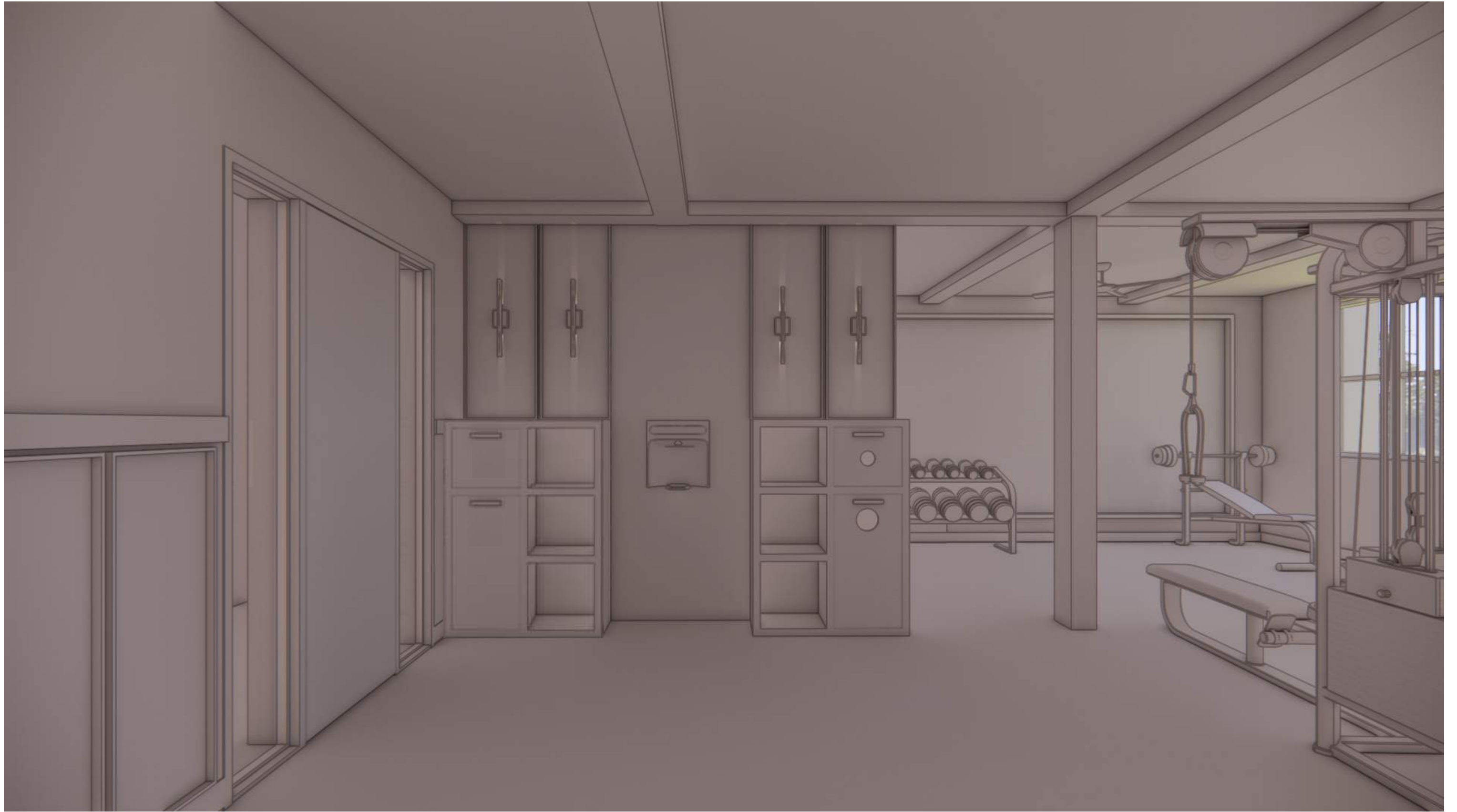
WELNESS BAR

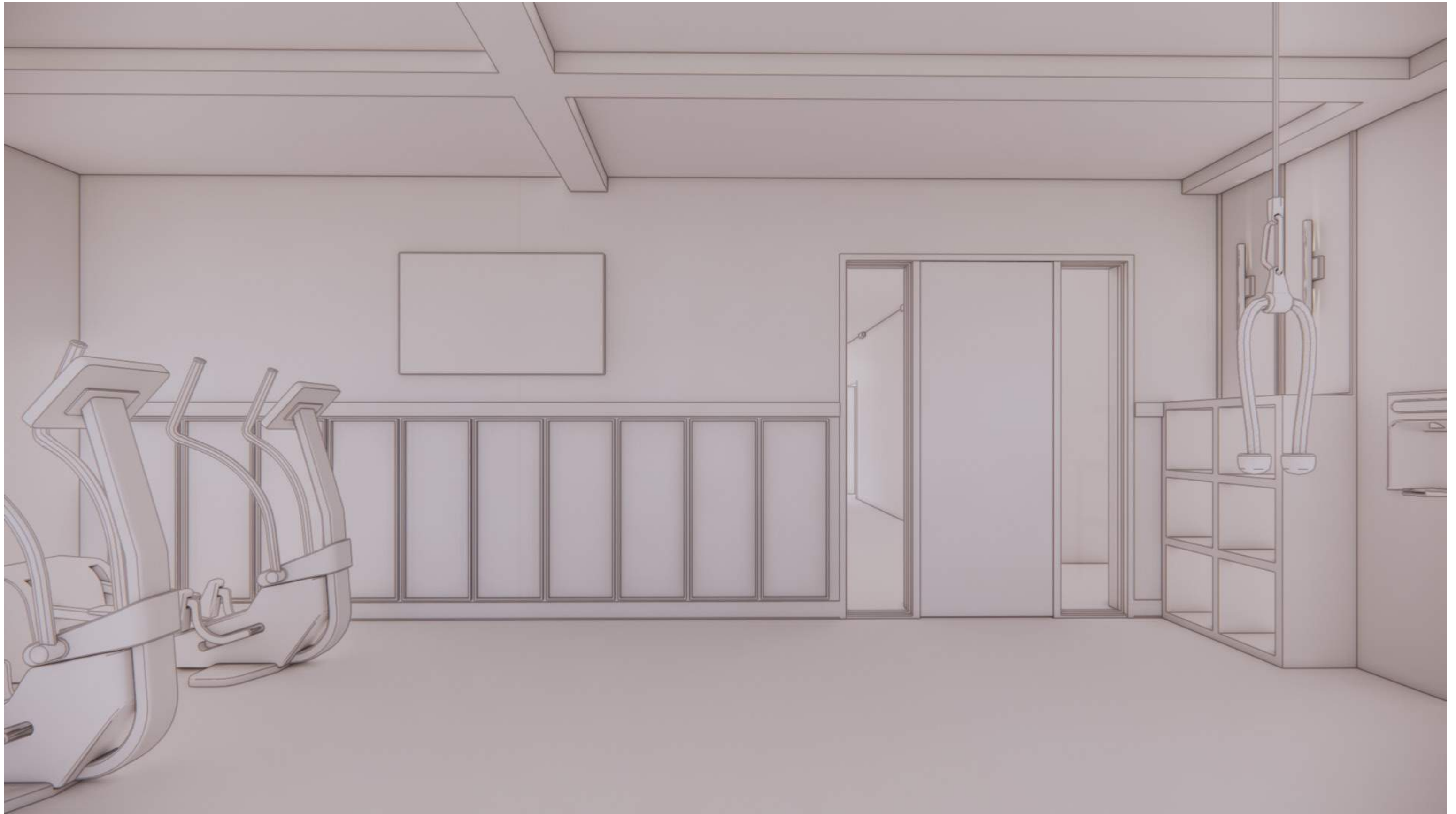
CEILING

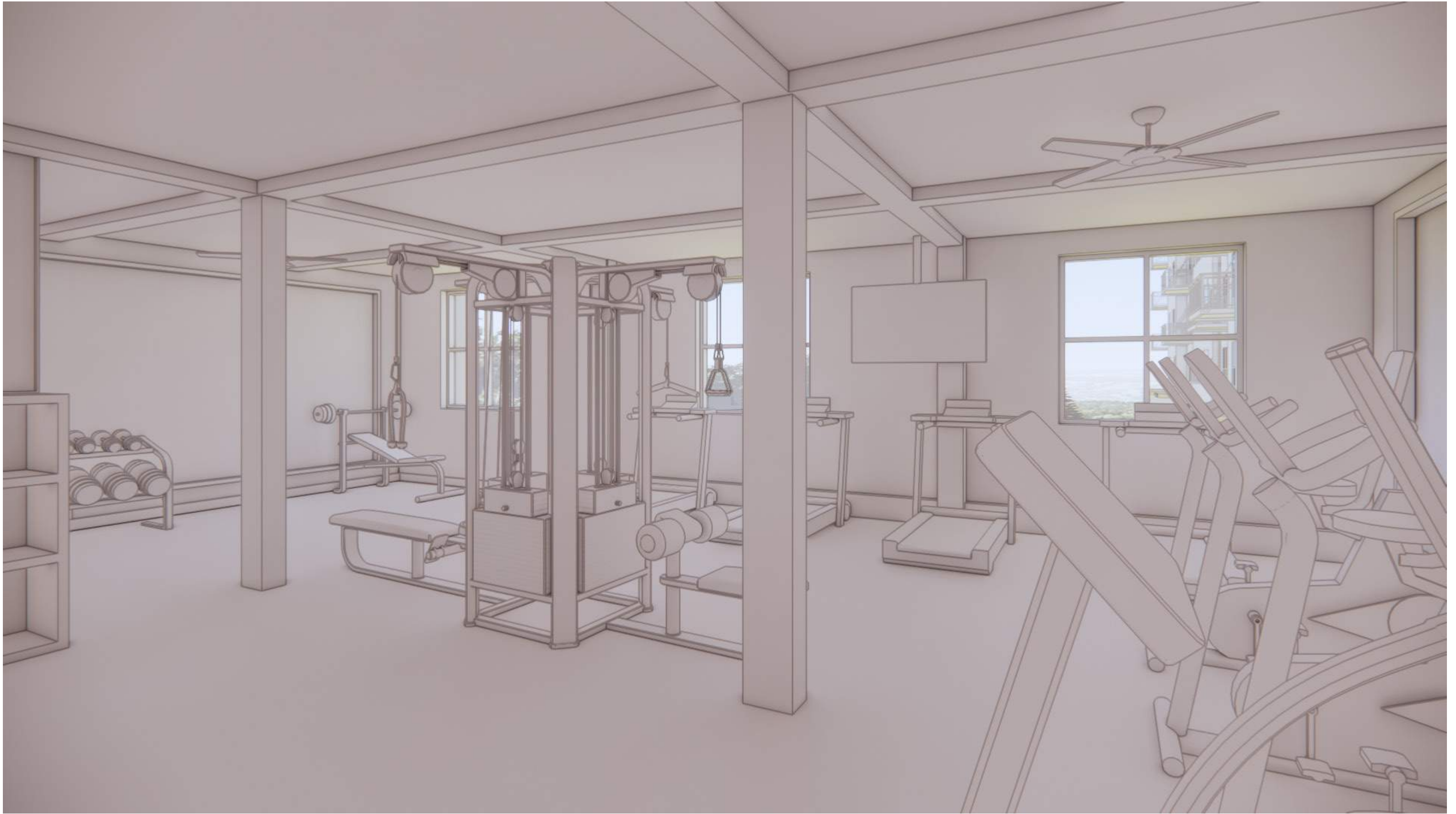


MISC.

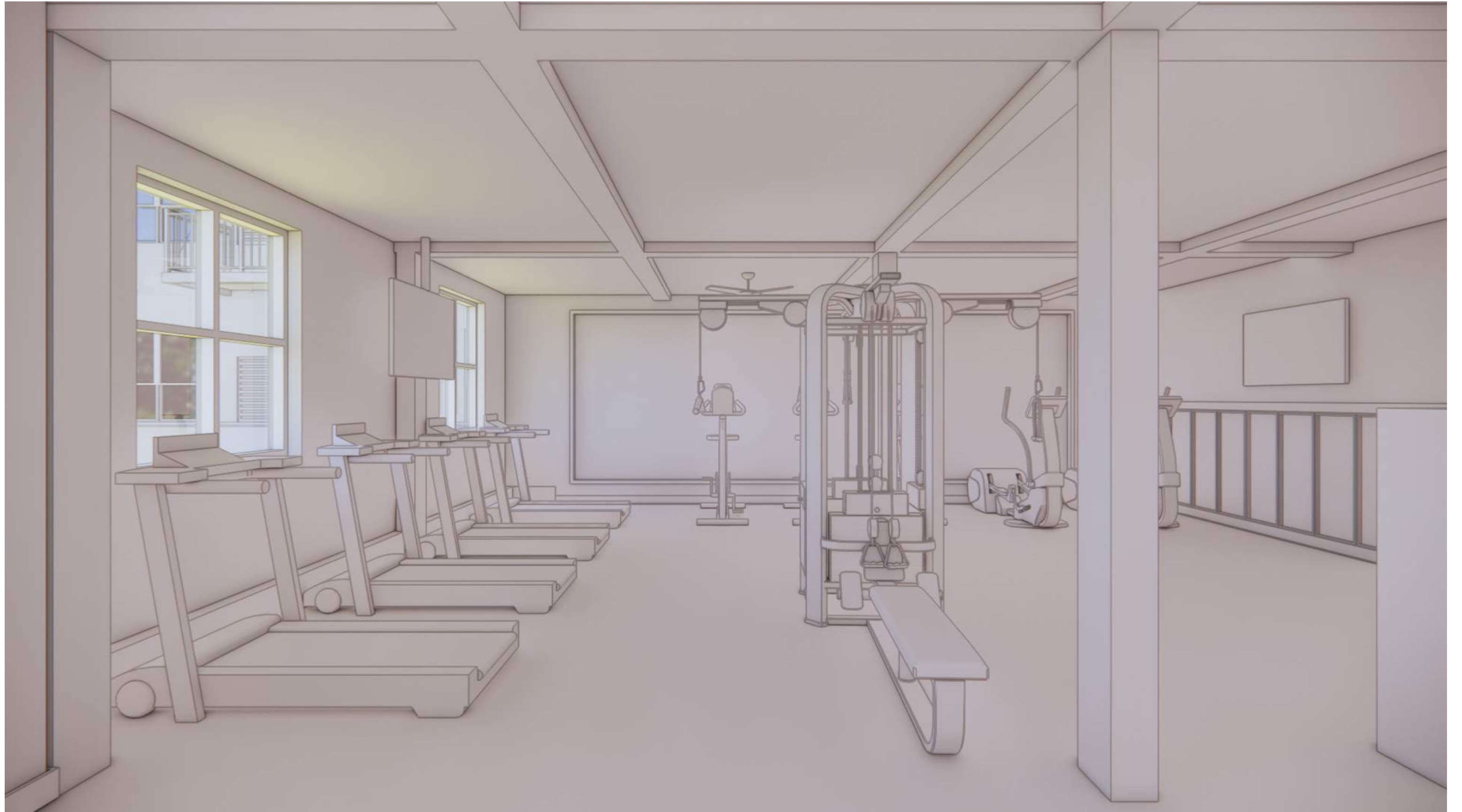




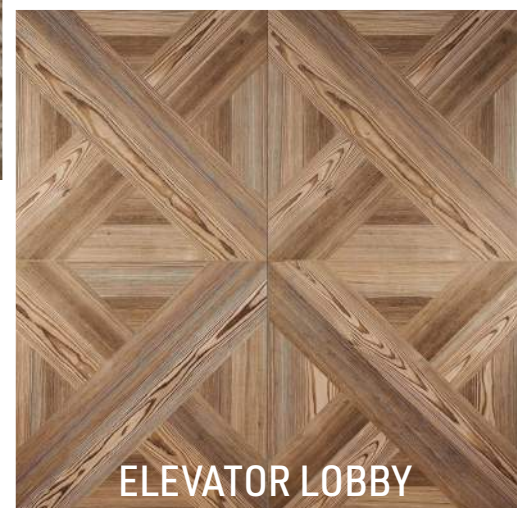








FLOORING



ELEVATOR LOBBY

WALLS



CEILING



ELEVATOR LOBBY



MISC.



CORRIDOR - FINISHES

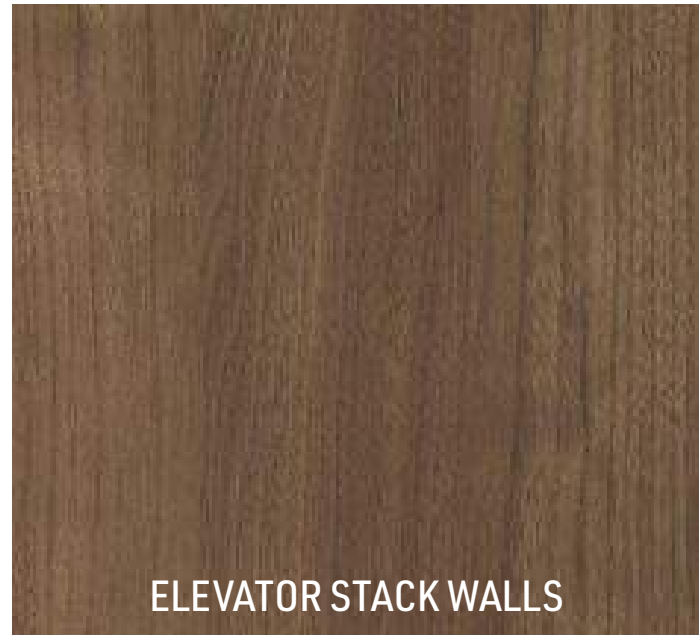




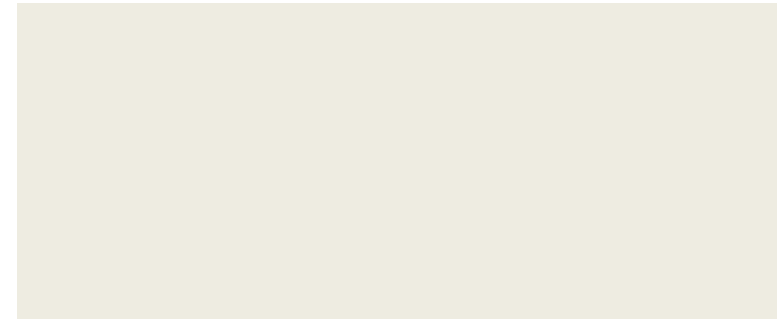
FLOORING



WALLS



CEILING



MISC.

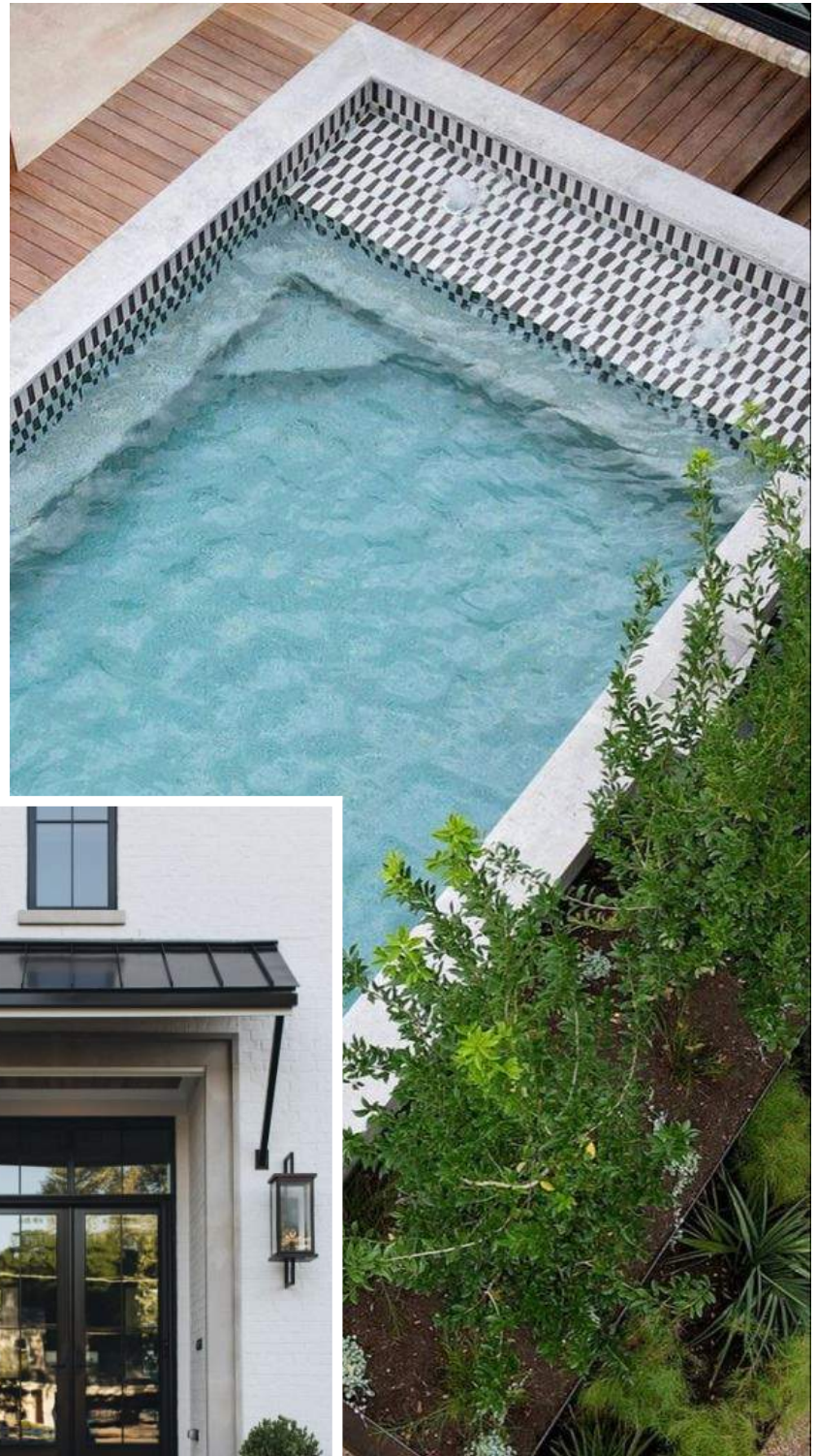


CANTINA

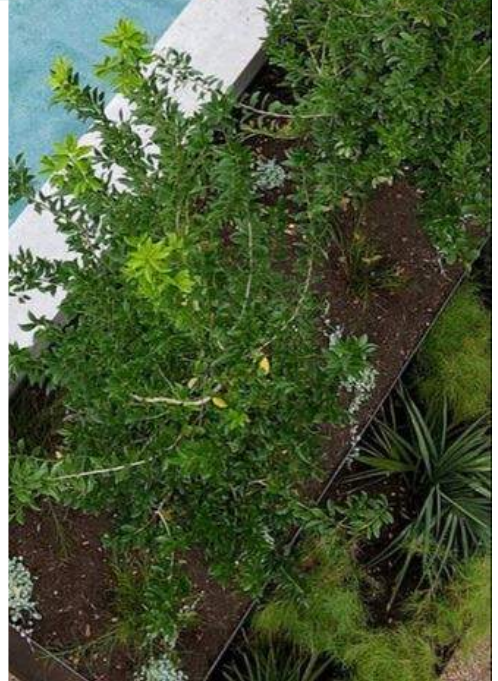








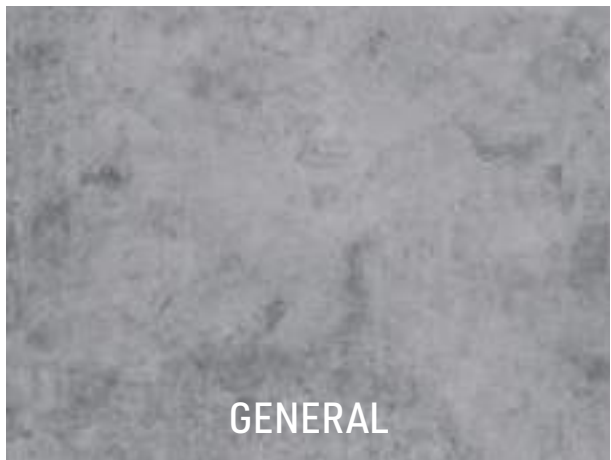
CLASSIC
SERENE



FLOORING



WALKWAYS



GENERAL



WALLS



BUILT-IN PLANTERS



POOL WATER LINE



CEILING



MISC.



CABANA FABRICS



FARMINGTON APARTMENTS



INTERIOR DESIGN - DD
9.17.24

DJR



YELLOW TREE

DEVELOPER | INVESTOR | BUILDER

COMPANY PROFILE

Let's build something together

By the Numbers

YELLOW TREE is an award-winning Minneapolis-based real estate development, construction, and property management firm, specializing in the revitalization of underutilized urban properties. With over 30 buildings and 2,300 units completed since 2018, our experienced team thrives on community-focused projects, and has invested over \$504 million in the Twin Cities.

Navigating complex urban builds is our forte. As owner, developer, manager, and builder, we guide you from project inception to occupancy, offering our unique real estate expertise. We partner with like-minded investors to develop and manage a diverse \$237 million portfolio of commercial and residential properties, all with emphasis on long-term profitability.

Our leadership team has over 100 years of combined experience, adept at managing projects of any scale. We collaborate with top architects, engineers, and subcontractors to ensure quality-focused, visually captivating commercial builds and renovations. Our specialized design-build process offers a single point of contact, which streamlines efficiency and reduces fees, resulting in faster delivery and maximized project value.

Our full-service property management department oversees 26 properties encompassing a \$330 million portfolio of housing across the Twin Cities metro area, from single family homes to large developments. Our reputation rests on tailored, responsive service delivered by our dedicated property managers and in-house maintenance techs, available 24/7, that are committed to accelerating your community's occupancy and profitability.

30

New Builds

2,314

Units

14

Developments

237M

Development Portfolio

15

Remodels

26

Properties Managed

330M

Housing Portfolio

8

Awards Received

LEADERSHIP TEAM



Bryan Walters
**Co-Founder & Operations
Manager**

Bryan has over 15 years of experience in executive oversight of the company's development, construction and property management divisions. He is responsible for day-to-day operations and is a member of the NAR & Minneapolis Association of Realtors.



Robb Lubenow
**Co-Founder &
Development Lead**

Robb has over 15 years of development & investment experience, and 20 years of commercial construction experience. He focuses on strategic planning, real estate investment strategies and capital formation.



Kirk Pennings
**President of Construction
Services**

Kirk has over 20 years of experience in the construction industry and has served in leadership positions at Opus Group and Target Corp. Kirk oversees project management, field staff, client acquisition, and preconstruction efforts.



Don Brown
**President of Property
Management**

Don joined Yellow Tree in 2019 after building the foundations as the Vice President of Residential Management for Doran. With over 20 years of experience, he provides senior leadership, asset management and operational oversight for YTPM.



Vishal Dutt
Development Partner

Vishal Dutt joined the Yellow Tree team in 2023, taking a key role in shaping and implementing Yellow Tree's development business strategy. His responsibilities include identifying new investment prospects and sourcing project debt and equity.



Tiffany Lavigne
Financial Controller

Tiffany Lavigne joined Yellow Tree in 2023 as the Financial Controller. She is responsible for all accounting matters of Yellow Tree Construction, Yellow Tree Development, and Yellow Tree Property Management.

PROJECT LIST

New Developments	Units	Year Built
The Central*	49	2018
The Whit*	74	2018
Jax*	65	2019
Nico East*	147	2019
MN46	54	2020
Overland*	63	2020
Odie*	67	2020
29 Bryant*	91	2020
Kolo	41	2020
Lumos*	74	2021
Nox*	84	2021
Alexander*	77	2021
Sawyer	49	2021
Verso	29	2021
Aubrey	47	2022
Cityline	102	2022
Deco265	100	2022
Midline*	156	2022
Nico West*	126	2022
The Abbey*	126	2022
Marshall St Townhomes	7	2022
Wakpada	126	2022
Volo at TexaTonka	111	2023
1000 Main St	49	2023
Huck	83	2023
Juliette*	113	2023
Akin	204	2023
Farmington*	185	2025
Peltier Reserve*	242	2025
*Yellow Tree Developments Total:	2741	

Remodels	Year Built
The Arrive Clubhouse	2017
Jackalope Tattoo	2018
Blair Apartment Common Areas	2018
FIT (Grand St Commons)	2018
Grizzly's Pizza	2019
Riverside Adult Day Center	2019
Colonial Villa Clubhouse Addition	2020
1836 Daycare	2021
Dela Beauty Supply	2021
Dela's Beauty Supply Expansion	2022
The Hair Creative	2022
Thompson Exteriors Office	2023
Jackalope Tattoo Expansion	2023
Avalon Cove Clubhouse	2023
Sunset Trail Clubhouse	2023

FEATURED PROJECTS





Awards

MN Real Estate Journal 2024 Suburban Multifamily West: *Volo at TexaTonka*

MN Real Estate Journal 2024 Urban Multifamily Minneapolis South: *Akin*

CoStar's 2023 Impact Award: *The Abbey*

Finance & Commerce Top Projects of 2022: *The Abbey*

Finance & Commerce Top Projects of 2022: *Wakpada Apartments*

CoStar's 2022 Multifamily Development of the Year: *The Abbey*

2023 Minneapolis Preservation Award: *The Abbey*

MADACS: YTPM - *2022 Top Maintenance Supervisor*

MADACS: YTCS - *2021 Best Innovation*

Real Estate Journal 2021 Multifamily Finalist: *Kolo*

Real Estate Journal 2021 Multifamily Finalist: *MN46*

Real Estate Journal 2021 Multifamily Finalist: *Odie*

Finance & Commerce Top 2020 Projects: *Kolo Apartments*

‘The company’s full range of in-house capabilities gives it an edge in a time of rising prices and supply chain glitches, Lubenow said. “Being fully integrated is important, so we can see those issues early on and have time to adapt.”’

- The POWER 30: Developers 2022, Finance & Commerce Dec. 22, 2022

Publications

Top Projects of 2022, Finance & Commerce

Notable Projects Finished in 2022, Finance & Commerce

The POWER 30: Developers 2022, Finance & Commerce

New Housing Pitched near 50th & France, Finance & Commerce

The POWER 30: Developers 2021, Finance & Commerce

Historic Mansion at Project’s Core, Finance & Commerce

YT Acquires Land for Uptown Apartments, Finance & Commerce

Paster, Yellow Tree Team Up, Finance & Commerce

Developer Say Eased Parking Rules Foster Building Boom, Finance & Commerce

Q&A with Yellow Tree Co-Found Robb Lubenow, Finance & Commerce

Developer Yellow Tree Takes Root Near Blue Line, Finance & Commerce

Here’s the Macro View on Micro Apartment Trend, Finance & Commerce

Yellow Tree sells vintage apartments After Major Rehab, Finance & Commerce

Four More Apartment Projects Pitched for Minneapolis, Finance & Commerce

TESTIMONIALS

“Yellow Tree’s commitment to excellence, unwavering professionalism, and attention to detail have made my construction experience truly outstanding. From the initial consultation to the final nail, Yellow Tree demonstrated a level of expertise that surpassed my expectations. Their team of skilled professionals exhibited a rare combination of efficiency and precision, turning our vision into a reality. I wholeheartedly recommend Yellow Tree to anyone seeking a construction partner. Their professionalism, expertise, and client-centric approach set them apart in the industry. Working with them has been a pleasure, and I am grateful for the exceptional service they provided.”

- Daniel Perkins, Perkins Levin Real Estate Development

“It’s been a pleasure to work with Yellow Tree throughout each phase of the construction process. Their development expertise is incredibly valuable, they offer open and clear communication in providing solutions to unexpected issues, and they deliver a quality product on a timeline. In an industry where integrity and honesty are so critically important to the end results, it’s clear that Yellow Tree upholds these values within all levels of the company. I look forward to working with Yellow Tree on more projects in the future. “

- Chad Tepley, President of CDT Realty Corporation

CONTACT INFORMATION



For more information on Yellow Tree,
please visit our website:

YellowTreeCorp.com

CONTACT US

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Kirk Pennings
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Robb Lubenow
(612) 600-0062

Don Brown
(651) 270-6005



YELLOW TREE

DEVELOPER | INVESTOR | BUILDER

Awards

- CoStar's 2023 Impact Award; The Abbey
- Finance & Commerce Top Projects of 2022: The Abbey
- CoStar's 2022 Multifamily Development of the Year; The Abbey
- 2023 Minneapolis Preservation Award; The Abbey
- MADACS 2022 YTPM - Top Maintenance Supervisor
- MADACS 2021 YTCS - Best Innovation
- Top 2022 Projects; Wapakada Apartments
- Top 2020 Projects; Kolo Apartments
- Real Estate Journal Multifamily Finalist - Kolo
- Real Estate Journal Multifamily Finalist - MN46
- Real Estate Journal Multifamily Finalist - Odie

Publications

- Top Projects of 2022
- Finance & Commerce - July 21, 2023
- Notable Projects Finished in 2022,
- Finance & Commerce - July 21, 2023
- The POWER 30: Developers 2022,
- Finance & Commerce - Dec 22, 2022
- New Housing Pitched near 50th & France,
- Finance & Commerce - Mar 18, 2022
- The POWER 30: Developers 2021,
- Finance & Commerce - Dec 22, 2021
- Historic Mansion at Project's Core,
- Finance & Commerce - Oct. 21, 2020
- YT Acquires Land for Uptown Apartments,
- Finance & Commerce - June 25, 2020
- Paster, Yellow Tree Team Up,
- Finance & Commerce - March 9, 2020
- Developer Say Eased Parking Rules Foster Building Boom,
- Finance & Commerce - May, 2019
- Q&A: Yellow Tree Co-Found Robb Lubenow envisions a smaller apartment,
- Finance & Commerce - June 7, 2019
- Developer Yellow Tree Takes Root Near Blue Line,
- Finance & Commerce - Oct. 9, 2018
- Here's the Macro View on Micro Apartment Trend,
- Finance & Commerce - Aug. 27, 2018
- Yellow Tree sells vintage apartments After Major Rehab,
- Finance & Commerce - Sep. 15, 2017
- Four More Apartment Projects Pitched for Minneapolis,
- Finance & Commerce - June 27, 2017

