
TO: Kate Thunstrom, City Administrator
FROM: Colette Baumgardner, Community Development Director
SUBJECT: Tax Abatement for Vista Prairie
DATE: February 5, 2024

OVERVIEW:

Vista Prairie Communities has submitted a business subsidy request for tax abatement for City Council's consideration. Ehler's Public Finance Advisors has reviewed the request, and their analysis supports that the abatement requested is reasonable. The abatement will be used to help meet the Debt Coverage Ratio requirements from the lenders. See Ehler's summary memorandums in the attachments for more detail on this analysis.

City Council approved the site plan for the development in April 2022. The development would provide much needed senior housing to St. Francis with a mix of housing options including 60 units of independent living, 43 units of assisted living, 24 units of memory care, and 8 units of care suites. This building style allows seniors to age in place as their condition changes.

The facility would support the local economy by creating 47 new full time employee jobs in the City with an average wage of \$23 per hour. Facilities of this kind also support local economic growth by bringing visitor traffic to patronize local business while visiting a loved one. Additionally, the facility would serve as an example of development that is possible in the City and encourage future developers to invest here.

ACTION TO BE CONSIDERED:

- Move to approve the Tax Abatement Agreement with Vista Prairie Communities, subject to attorney approval as to form

BUDGET IMPLICATION:

- Reduced tax income potential over the abatement. The City is currently receiving approximately \$4,834 in tax income from the property a year. During the abatement, City would continue to earn the tax calculated from no improvements being on the land, but it would not receive taxes for the improved value. After the abatement, the City could receive up to approximately \$213,800 in tax income from the property a year if the project is completed.

ATTACHMENTS:

1. Memorandum from Ehlers – Analysis of Financial Request
2. Ehlers Cashflow Analysis
3. Tax Abatement Agreement
4. Project renderings