

July 7, 2014

To: Mayor Bemrich and City Council
From: David Fierke, City Manager
Subject: Resolution of Intent
Warden Plaza Development Project



ACTION: For Vote Monday, July 14, 2014

Brief History

Landover Corporation is interested in redeveloping the Warden Plaza. The developer, Richard Sova, has an agreement with the landowner, Jolanta Bankowska, to purchase the building. Mr. Sova is working to put together a project that utilizes State and Federal Historic Tax Credits, Workforce Housing Tax Credits, Brownfield Tax Credits, Multi-Family New Construction Round 6 (MF 6) grant funding, as well as tax abatement and TIF from the City.

Analysis of Issue

In order to make application for the MF 6 grant funding, which is due August 15, 2014, the developer must show support from the City for the MF 6 application as well as commitment for the remaining funding sources.

Budget Impact

Based on preliminary projections, incremental property taxes generated from this project are estimated at _____ annually. Providing a combination of tax abatement and TIF equal to 10 years worth of property taxes would generate approximately _____ in incentives to the Developer.

Strategic Plan Impact

Policy C.3.1: Primary entryway corridors into "Downtown Center" shall continue to receive priority for visual enhancements, employing special development standards, public investment, and community involvement to facilitate constructive change.

Policy C.3.2: A compatible, diverse mixture of retail, office, institutional, residential, dining, services, and public open space shall be encouraged.

Policy C.3.4: The preservation, rehabilitation and appropriate adaptive reuse of historic and other desirable downtown properties shall be encouraged. Rehabilitations shall respect the original architecture and fabric of the building and site. Destruction or demolition of desirable older structures shall be avoided when possible.

Policy C.3.12: A variety of housing types and price ranges shall be encouraged in and adjoining the commercial business district. Such housing shall be at densities in keeping

with a downtown location and compatible with nearby properties. Public-private partnerships to encourage downtown area housing shall be supported.

Existing Plan Impact

Consistent with the City's Downtown Plan and Envision 2030 Plan.

Subcommittee or Commission Review / Recommendation

None

Staff Conclusions / Recommendations

Staff recommends approval of the attached Resolution of Intent to enter into an agreement with the developer Landover Corporation.

Alternatives

The only alternative would be to not approve the Resolution of Intent, which would end the project.

Implementation and Accountability

If approved, staff will begin the process of amending the Urban Renewal Plan and the TIF Area, followed by the execution of an agreement with the developer.

Signed



Vickie Reeck
Community Development Manager

Approved



David R. Fierke, City Manager

RESOLUTION NO. _____

Resolution expressing intent to enter into a development agreement and to provide economic development support

WHEREAS, Landover Corporation (the “Developer”) has undertaken the acquisition and development of certain real property (the “Property”) situated in the Center City and Industrial Park Urban Renewal Areas (the “Urban Renewal Areas”) in the City of Fort Dodge, Iowa (the “City”) and legally described on Exhibit A, hereto; and

WHEREAS, the current condition and lack of use of the Property threatens to promote the spread of blighted conditions in the City; and

WHEREAS, the redevelopment of the Property will include the investment of not less than twelve million dollars into the historic rehabilitation, renovation and redevelopment of the existing Warden Plaza building situated at 908 1st Ave. S. into a multipurpose building which will contain residential units, commercial and office space (the “Redevelopment Project”); and

WHEREAS, the Developer has requested that the City Council (the “Council”) of the City provide property tax abatement and tax increment financing support to help to defray the costs of the acquisition of the Property and the carrying out of the Redevelopment Project, through a series of annual appropriation incremental property tax payments (the “Payments”) to be derived from the Property for a period of ten years; and

WHEREAS, the Council intends to support the Redevelopment Project by entering into a development agreement (the “Development Agreement”) and making provision for the funding of the Payments; and

WHEREAS, the Council will need to undertake the statutory process for approving the Redevelopment Project under its urban renewal plans and authorizing the Payments, but the City desires to convey its intent to pursue these actions to the Developer in order to facilitate the Developer’s application for the following available grants and tax credits: (1) Multi-Family New Construction (MF 6) funds through the Iowa Economic Development Authority; (2) Brownfield Tax Credit Program; (3) State and Federal Historic Rehabilitation Tax Credits; and (4) Workforce Housing Tax Credits;

NOW, THEREFORE, Be It Resolved by the City Council of the City of Fort Dodge, Iowa, as follows:

Section 1. The Council hereby expresses its intent to support the Redevelopment Project in the future. The City will in good faith negotiate the Development Agreement with respect to the development of the Property and the undertaking of the Redevelopment Project, such agreement to minimally include the following terms:

A) The Developer will commit to acquiring the Property and undertaking the Redevelopment Project thereon; and

B) The Developer will agree that the completed Redevelopment Project will include not less than six floors of residential units and two floors of commercial and office space; and

C) The Developer will agree that the completed Redevelopment Project will include adequate off-street parking; and

D) The Developer will agree to assist the City with the payment of legal and administrative fees incurred in connection with the amendment to its urban renewal plan and the authorization and approval of the Development Agreement; and

E) The City will agree to provide property tax abatement for the Property under existing benefit schedules of 3 years 100% or 10 years sliding scale. In addition, the City will agree to fund the Payments over a period not to exceed ten years of property tax collections with incremental property tax revenues to be derived from the Property, and all Payments under the Agreement will be made subject to annual appropriation by the City Council. The maximum aggregate financial benefit to the Developer from the property tax abatement and the Payments will be \$ _____, and the actual amount of Payments to be provided will be calculated once better estimates of valuation are available for the Redevelopment Project and an abatement schedule is selected. The Payments and tax abatement incentives to be provided under the Agreement will be made contingent upon the Developer receiving Multi-Family New Construction (MF 6) funds through the Iowa Economic Development Authority and the State and Federal Historic Tax Credits.

F) The City will agree to fill in vaults under the sidewalks adjacent to the Warden Plaza building on 1st Avenue South and on South 9th Street; and

G) The City will agree to apply for CDBG-DTR funds through the State on behalf of the Developer.

Section 2. The City hereby agrees to use its best efforts to complete the statutory requirements of Chapter 403 of the Code of Iowa in order to amend its Urban Renewal Areas and to authorize the Development Agreement. Both the City and the Developer acknowledge that the City's commitment in this Section is merely a present statement of intent and that the Council must exercise its ordinary political discretion in the completion of the statutory processes referenced herein. The City will not be held liable in the event that the Council, through the exercise of its ordinary political discretion, determines to not approve any of the actions outlined herein.

Section 3. The City hereby agrees to support the Developer in applying for (1) Multi-Family New Construction (MF 6) funds through the Iowa Economic Development Authority; (2) the Brownfield Tax Credit Program; (3) State and Federal Historic Rehabilitation Tax Credits; and (4) Workforce Housing Tax Credits

Section 4. All resolutions and orders or parts thereof in conflict with the provisions of this resolution, to the extent of such conflict, are hereby repealed.

Passed and approved July 14, 2014.

Ayes: _____

Nays: _____

Other: _____

CITY OF FORT DODGE, IOWA

By: _____
Matt Bemrich, Mayor

Attest:

Jeff Nemmers, City Clerk

Exhibit A - Property Description

Lots 6, 7, 8, 9 and 10 of Block 10, all in East Fort Dodge, Webster County, Iowa.