



Business Subsidy Agreement Pre-Approval Report

TIF District #31- Voyageur Redevelopment Project

Business Subsidy Recipient Information

1. Name of Business or Organization: Northstar Development Interests, LLC
2. Address: 10 West Mifflin Street, Suite 400
Madison, WI 53703
3. Does the recipient have a parent corporation?

Northstar Development Interests, LLC has the following members: Landmark VI, LLC a Wisconsin limited liability company, and GWF Duluth, LLC, an Illinois limited liability company.
4. Did the recipient relocate as a result of signing this agreement?

No.

Summary Agreement Information

1. Brief description of the proposed project

The construction of a 15-story, mixed-use building at 319, 323 and 333 East Superior Street. The proposed building will contain approximately 237,000 square feet, including approximately 190 market-rate housing units and approximately 20,000 square feet of commercial space along Superior Street and 4th Avenue East. The developer is actively pursuing an urban grocer to occupy the Superior Street frontage, rendering it the only grocery store in the Downtown-Waterfront area and serving future and existing residents of these areas.
2. Total value of proposed project

Total Development Costs: Approximately \$70 million.
Total projected estimated market value: \$26.3 million.
3. Summary of type(s) of subsidy and total dollar value for each
 - a. Type of assistance:
 - i. Tax Increment Financing
 - b. Grantor of assistance

- i. DEDA/ City of Duluth
 - c. Total dollar value of assistance
 - i. \$6.2 million, or approximately 9% of the total project cost
- 4. What other financing avenues were pursued?
 - a. Tax abatement, State's Redevelopment Grant program

Applicability of Current Duluth and State Laws

- 1. Is this project covered under Duluth's Prevailing Wage law as defined in Article 2, Section 2-25?
 - a. Yes.
- 2. Is this project covered under Duluth's Project Labor Agreement law as defined in Article 2, Section 2-29? If not, state the specific applicable exclusion.
 - a. Yes.
- 3. Is this project is covered by Duluth's Living Wage law as defined in Article 26, Chapter 2 of the Duluth City Code?
 - a. Yes.
- 4. Is this project is covered by the business subsidy statute as defined in Minnesota Statutes 116J.993-.995 and subject to reporting?
 - a. It is covered under the City's Business Subsidy criteria and will be subject to reporting.

Public Purpose and Public Benefit Criteria

- 1. Public Purpose Criteria. State which two (minimally) of the five public purposes this project meets with a brief explanation of why it the proposed project meets this criteria.
 - a. High quality jobs.
 - i. Duluth's medical district employs thousands of people in our community and has dozens of positions posted for new hires. Job recruitment has become quite challenging for the healthcare sector across all skill sets and levels of pay; the lack of housing, particularly near the medical district, is cited as a key opportunity to attract and retain healthcare employees. While the goal of the project is not job creation, this project creates over 200 new units of housing with skywalk access directly to the medical campus, providing an additional recruitment tool.
 - b. Job retention
 - i. See above.
 - c. Diversify Duluth's economy
 - i. While downtown Duluth contains the highest concentration of the city's workforce, there is relatively little market-rate housing in the core. Additionally, two of the three buildings currently at the project site have been vacant for years, contributing blight to our downtown. This project diversifies the housing

stock downtown and creates more foot traffic along Superior Street, increasing business activity in the HART district as well as encouraging additional private investment in the immediate area.

- d. Quality of life
 - i. The removal of several blighted buildings and creation of quality housing improves our downtown and instills greater confidence and pride in our community. Additionally, a grocery store would not only serve the tenants of this project but the public as well. Downtown workers could shop over lunch breaks or after work, and downtown residents could more conveniently access groceries, especially those without access to transportation.
 - e. Tax Base
 - i. The tax base is projected to increase from the current \$34,601 of net tax capacity to approximately \$395,000 in net tax capacity (or \$550,000 in property taxes).
2. Preferential Public Benefit Criteria. Which other preferential public benefit criteria does this project meet, if any? Provide a brief explanation of how it meets the criteria.
- a. Locally owned businesses
 - i. If available, local contractors will be hired to construct the building.
 - b. Workforce development and hiring low-income, unemployed and hard-to-employ residents
 - i. The construction of the project will be accompanied by hiring goals, including providing building trades-opportunities for women and those experiencing real barriers to employment
 - c. Protected class business owners
 - i. See above.
 - d. Other community benefits
 - i. East Superior Street will be undergoing reconstruction at the time of this project; disruption from this construction will be reduced due to its projected timeline.
3. Duluth Comprehensive Plan and other City Plans
- a. What current City plans, if any, cover this project? How does the project relate to the applicable plans?
 - i. The future land-use designation of the redevelopment site is Central Business Primary. According to the Imagine Duluth 2035 Comprehensive Plan, it is “an area adjacent to and supporting the primary central business area or a stand-alone area providing a similar mix of destination land uses but at a lower intensity than the primary Central Business area. Includes mixed regional and neighborhood retail, employment centers, public spaces, medium density residential, and public parking facilities”. The area is zoned F-8, Downtown Mix; according to the Unified Development Chapter, the district provides slightly more flexibility in building form than does F-7 as it permits both Main Street Building III and Corridor Building III for office and residential uses”.

- ii. Additionally, the project adheres to the following principles identified in the Comprehensive Plan:
 - 1. Principle #1 – Reuse previously developed lands
 - 2. Principle #4 – Support economic growth sectors
 - 3. Principle #8 – Encourage mix of activities, uses and densities
- b. Are there any special zoning or permitting exemptions that need to be made for this project? If yes, provide a brief explanation.
 - i. No.

Specific project goals

1. For each public purpose state the specific, measurable and tangible goals that were set for the project:
 - a. Public Purpose - Type of goal
 - i. All public purposes will be achieved by the creation of the project's 237,000sf, 15-story mixed-use building.
 - b. Specific Goals established
 - i. Achievement of the Business Subsidy Goal in accordance with City Council Resolution 18-0515 shall be measured as follows: Developer agrees that on or before September 30, 2021, it shall have constructed the Project on the Property in accordance with the Development Agreement.
 - c. Target Attainment Dates
 - i. See above.
2. Progress toward these goals will be reported by the recipient of a business subsidy on an annual basis by March 1 for the preceding year (see Section 8 (d) - Business Subsidy Criteria), and provided to the Council by April 1.