



## Legislation Text

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**File #:** 18-0300R, **Version:** 1

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### RESOLUTION APPROVING A DEVELOPMENT AGREEMENT BETWEEN THE DULUTH ECONOMIC DEVELOPMENT AUTHORITY AND RAMSEY III, LLC FOR THE RAMSEY V TOWNHOME PROJECT

CITY PROPOSAL: RESOLVED, that the city council of the city of Duluth does hereby approve, pursuant to the provisions of resolution no. 10-0229, the development agreement between the Duluth economic development authority (DEDA) and Ramsey III, LLC (the "Developer") for the development of the Ramsey V Townhome Project located in the Ramsey neighborhood of Duluth, a copy of said development agreement is attached hereto as Exhibit A.

The purpose of this resolution is to obtain City Council approval of the development agreement between DEDA and Developer for the Ramsey V Townhome Project located in the Ramsey neighborhood of Duluth as is required pursuant to Paragraph 19 of the amended DEDA enabling Legislation Resolution 10-0229.

The project will be located in an area identified as Tax Increment Financing District No. 30, a 26-year redevelopment district. A map of TIF District No. 30 is attached hereto as Exhibit B. The development agreement provides for the construction by Developer of townhome units of approximately 1,314 square feet average living space. The Developer will construct 20 and up to 46 market rate townhome units for lease. The project will be driven by the market and by the ability to acquire parcels in TIF District No. 30 and will be built out in phases. The townhome units including garages together with related utilities, landscaping and other amenities have a cost of approximately \$237,000 per unit. DEDA will provide 90% of the TIF generated by the project up to \$522,536 for the first 20 townhome units and up to \$26,237 per each additional townhome unit with interest at the rate of 5.9% to pay for public eligible costs of construction on a pay-as-you-go basis.

The public purpose of the tax increment assistance to be provided pursuant to this Agreement is the construction of housing that will result in expanding housing in the City, the redevelopment of underutilized, blighted or obsolete land uses including demolition of substandard structures, the development on sites which would not be developed without assistance, and the increase in tax base within the City of Duluth.

Tax base impact statement: The current market value of the properties located in this 26-year Redevelopment TIF District (to be created by DEDA) is \$1,170,556 and the property is generating \$14,632 in net tax capacity. After the improvements are completed, the taxable market value will increase to \$5,500,000 and the annual tax increment will be provided to the Developer to facilitate the redevelopment. After the TIF District is terminated, the development is anticipated to generate over \$68,750 per year in net tax capacity (based on the County Assessor's valuation of the completed property, not including inflation).