



Legislation Text

File #: 17-0168R, **Version:** 1

RESOLUTION AUTHORIZING DEVELOPMENT AGREEMENT WITH CAPSTONE LLC FOR DEVELOPMENT OF 80 RENTAL UNITS OF WORKFORCE HOUSING IN THE MILLER HILL AREA AND APPLICATION TO ST. LOUIS COUNTY FOR TAX ABATEMENT ASSISTANCE FOR THE PROJECT.

CITY PROPOSAL:

RESOLVED, that the proper city officials are hereby authorized to enter into an agreement, substantially in the form of that attached hereto as exhibit A, with Capstone LLC, a Minnesota limited liability company, for the development of 80 rental units of workforce housing in the Miller Hill area with assistance from the city in the amount of not to exceed \$278,000, payable from tax abatement proceeds on the capstone property, subject to approval of tax abatement resolutions by the City and St. Louis County.

RESOLVED FURTHER, that the proper city officials are hereby authorized to apply to St. Louis County for tax abatement assistance for the benefit of the capstone project in the amount of \$250,000.

STATEMENT OF PURPOSE: The purpose of this resolution is to authorize the city to enter into an agreement with Capstone LLC., for the development of an 80 unit rental apartment structure on Miller Hill south of Matterhorn Drive and west of Burning Tree Road aimed at providing so-called workforce housing for working families with an income of between \$25,000 and \$78,000.

The City is in need of fostering the development of this kind of housing as it is currently in short supply and the inability to find affordable housing for their workers is having a negative effect on economic development efforts in the City.

This development will be operated in conjunction with the adjacent Matterhorn Apartments project which provides 68 units of housing which meets MHFA's Affordability Guidelines. As a condition of the assistance provided to Capstone, the developer is committing that Matterhorn will continue to provide housing meeting the guidelines for the entire term of the abatement provided to Capstone.

Under this agreement and companion city and county abatement resolutions, the developer will be eligible to have a portion of its project costs reimbursed through tax abatement of \$278,000 from the city and \$250,000 through tax abatement from St. Louis County. The remaining portion of the costs for the \$15 Million development will be paid for by the developer.