



Legislation Text

File #: 20-0735R, **Version:** 1

RESOLUTION APPROVING A DEVELOPMENT AGREEMENT BETWEEN THE DULUTH ECONOMIC DEVELOPMENT AUTHORITY AND DULUTH LINCOLN PARK1, LLC, FOR THE DEVELOPMENT OF THE LINCOLN PARK FLATS MULTI-FAMILY RESIDENTIAL PROJECT.

CITY PROPOSAL:

Resolved, that, pursuant to the provisions of Minnesota Statutes §116J.994, Subdivision 3, and Resolution 10-0229, the city council of the City of Duluth does hereby approve the development agreement between the Duluth economic development authority ("DEDA") and Duluth Lincoln Park1, LLC ("Developer"), substantially in the form of that attached as Exhibit A, related to the Lincoln Park Flats multi-family residential development located at the southwest corner of Superior Street and 21st Avenue West in Duluth, Minnesota.

STATEMENT OF PURPOSE: The purpose of this resolution is to obtain the city council's approval of the development agreement between DEDA and Duluth Lincoln Park1, LLC for the development of the Lincoln Park Flats project located at the southwest corner of Superior Street and 21st Avenue West. The project will be located on property currently occupied by the building, which previously housed Robert's Home Furniture store and a parking lot to the west of that building. The area will be designated as Tax Increment Financing District No. 33, a Redevelopment District. DEDA approved the agreement at its September 23, 2020 via resolution 20D-60, attached hereto as Exhibit B. DEDA set the wage and job goals at zero after a public hearing in accordance with the Business Subsidy Act, Minnesota Statute Sections 116J.993 - 116J.995.

The Development Agreement provides for the demolition of existing, blighted structures and new development by Developer of a multi-family residential development with not less than 74 studio, 1-bedroom and 2-bedroom apartments; not less than 23 of which will be occupied by households at 80% or less of area median income. The project includes approximately 41 indoor parking stalls under the structure and approximately 44 outside, on-grade parking stalls on the property together with related utilities, landscaping, and other amenities at a total development cost of approximately \$13,800,000. DEDA will provide 90% of the TIF generated by the project up to \$2,350,000 plus interest at the rate of 4.25% to pay for Eligible Costs on a pay-as-you-go basis. The term of the TIF Note is for a period of twenty six (26) years from the date of receipt by DEDA from the St. Louis County Auditor's Office of the first payment of Captured Tax Increment, or until the principal and interest on the TIF Note has been paid in full, whichever is sooner.

Tax base impact statement: The current market value (2020, payable 2021) of the properties located in TIF District 33 is \$585,000 and the property is generating \$10,950 in net tax capacity. After the improvements are completed, the taxable market value will increase to approximately \$8,510,000. After the TIF District is terminated, the development is anticipated to generate over \$106,375 per year in net tax capacity, based on the County Assessor's valuation of the completed property, not including inflation, the proceeds of which will be distributed to the taxing jurisdictions).