



TIF: Development Case Studies

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Welcome to Our Guests!



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Blazing Star Landing

Tax Increment Financing
(Housing District)



Blazing Star Landing

- A 34-acre property in the heart of Albert Lea.
- Site was the former location of Farmstead or Wilson Foods – a meat packing plant that operated from 1912-2002.
- The City of Albert Lea purchased the property in 2004 after the plant closed and the buildings burned down.
- With suspected arsenic, chloride and fly ash contamination, the property would sit vacant for 15+ years.

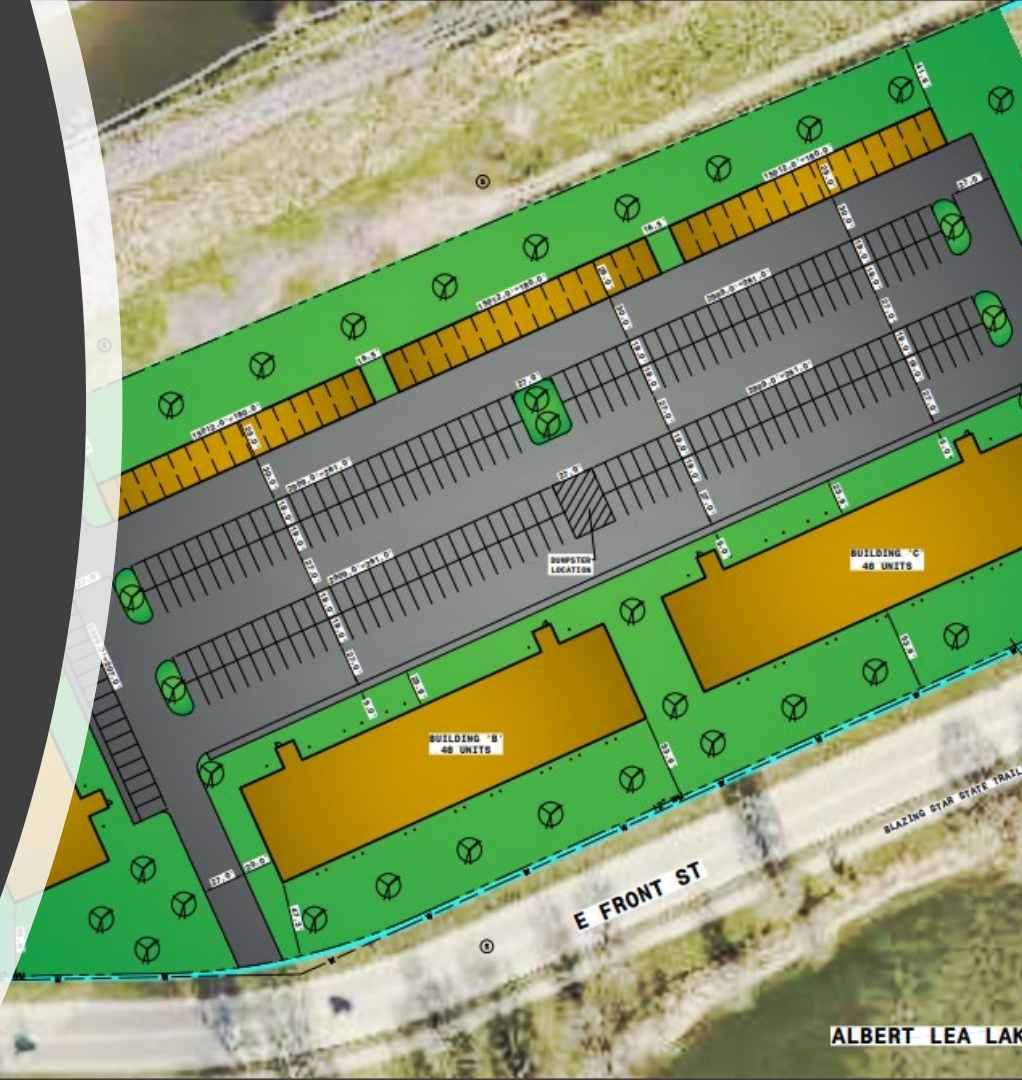
Blazing Star Landing

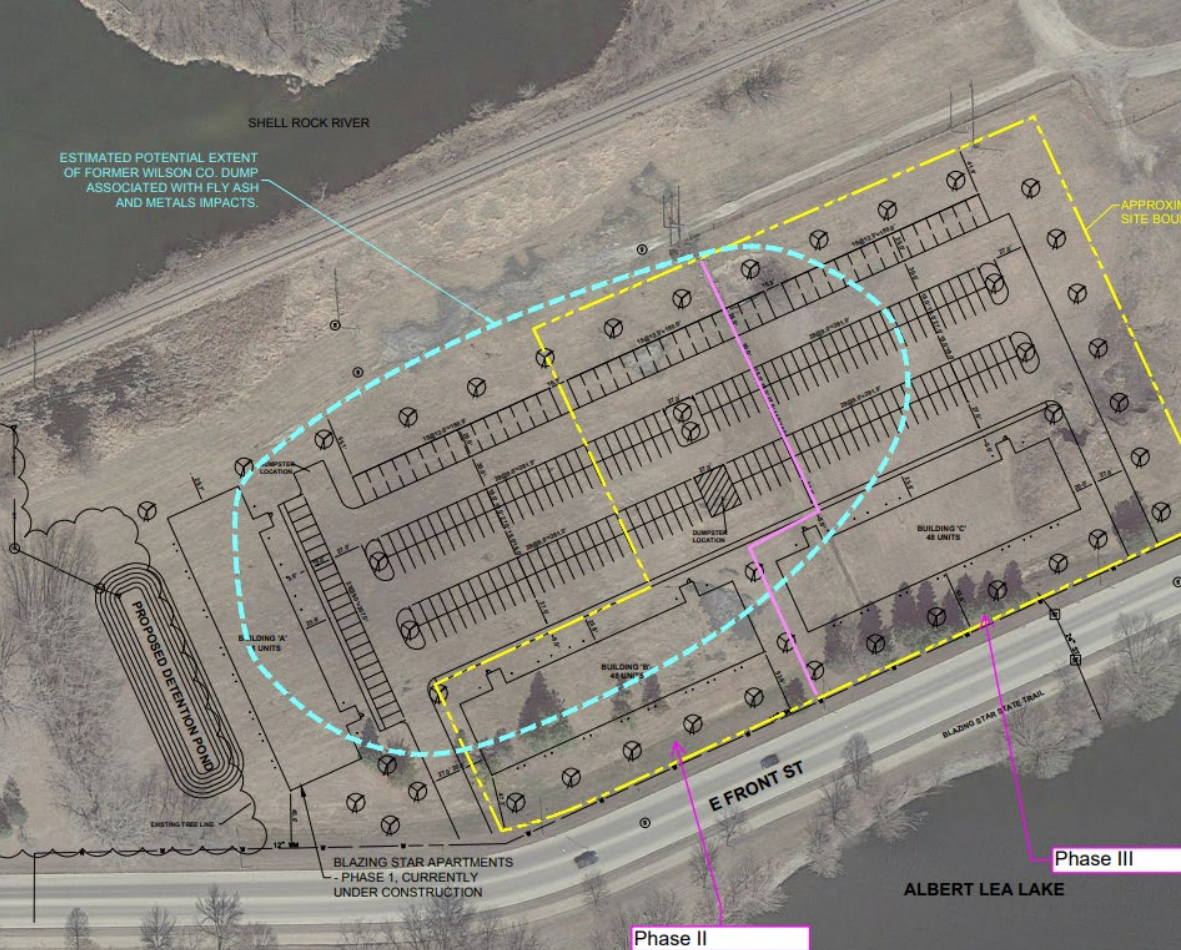
Several ideas floated throughout the years—relocating Front Street to create lakeshore properties, building a new community center, baseball/soccer fields, etc.

Development opportunities dampened significantly by costs associated with contamination cleanup.

Blazing Star Landing

- Summer of 2020– Unique Opportunities, a family-owned construction company specializing in multi-family housing proposes a three-phase/144-unit rental housing project on the SW portion of the Blazing Star Property.
- Unique commits to an end user status and the City of Albert Lea becomes eligible for DEED Contamination and Cleanup Grant Funds.





Blazing Star Landing

Phase II

Phase III

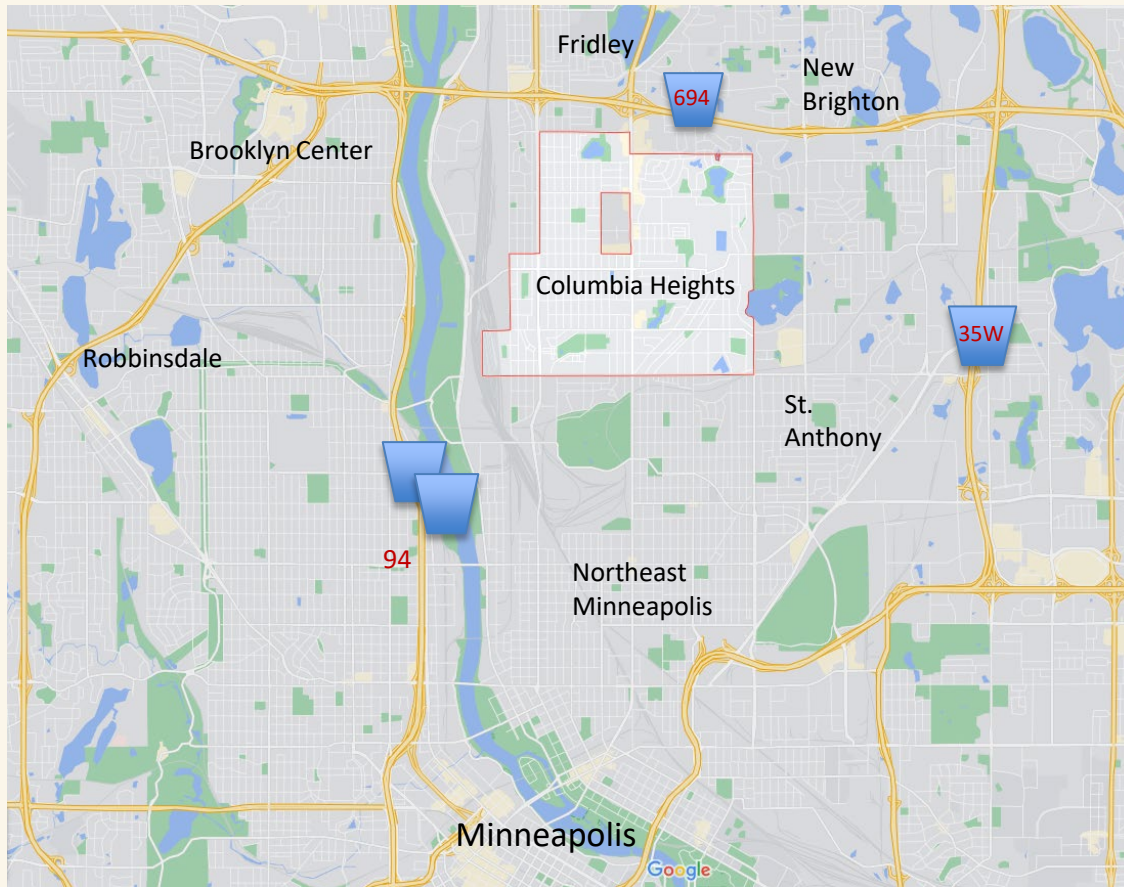
Blazing Star Landing

- City of Albert Lea partnered with Ehlers to draft a Tax Increment Financing Plan for a Housing District with a 25 year term.
- Total amount of tax increment generated over the life of the district for **all three phases** is estimated at \$3,770,069.
- Phase I projected at \$4.1M - includes 48-units with 20% of the units being occupied by persons with incomes less than 50% of median income.
- Estimate tax capacity upon completion of Phase I equals \$155,575
- Issued Pay-As-You-Go Note to the Developer in the amount of \$474,000 for qualifying costs.



Blazing Star Landing

Questions?



- Fully Developed 100-year old First Ring Suburb
- Population of 22,000
- Ethnically Diverse Community
- Predominant Land Use is Single-family Residential (45%)

Why Columbia Heights Redevelops

- We have no vacant land!
- To replace aging infrastructure
- To remain a competitive and viable City
- To attract new residents with housing options and amenities
- To eliminate blight
- To grow and diversify the tax base





- Located in the City's Central Business District
- Priority Redevelopment Site
- Located in Federally Designated Opportunity Zone
- Contained a Vacant and Blighted Six Story Office Building and Functionally Obsolete Municipal Parking Ramp







Vertical Mixed-use Development Comprised of:

- 266 market-rate apartments with Class A amenities
- 3,500 square foot café/coffee shop
- 21,000 square foot City Hall condo
- \$68M total development cost (est.)





COLUMBIA HEIGHTS
REDISCOVER THE HEIGHTS

NEW CITY HALL – MIXED USE DEVELOPMENT



COLUMBIA HEIGHTS
REDISCOVER THE HEIGHTS

NEW CITY HALL – MIXED USE DEVELOPMENT



- Groundbreaking:
December 2020
- Estimated Completion:
Fall 2022



Early Development Challenges:

- Acquisition competition, competing proposals, and a time crunch related to the municipal parking ramp.
- Rooftop lease(s) for cellular antennas.
- No template for this type of Public-Private Partnership.
- Paradigm shift from other potential City Hall sites, needed buy-in from residents and Council.
- Demolition by City – construction timing

Basic TIF Framework:

- Redevelopment District – Max duration 25 years
- \$9,550,000 pay-as-you-go TIF Note issued to developer, 18 year repayment term (est.)
- Note was monetized by developer to secure a portion of the required up-front construction financing
- Qualified costs include; land acquisition, demolition, remediation, utility work, excavation, shoring, and underground parking
- Estimated annual increment available to the developer: \$646,000 (94.64% of increment)
- 5% or \$34,000/year retained by the City for administration
- Pre-redevelopment taxable market value: \$5.2M
- Post-redevelopment taxable market value: \$60M (est.)

Unique TIF Considerations:

- Isolate new City Hall from TIF benefit
- \$1.3M interfund Loan to recover relocation expenses

Keys to Success:

- Transparent process with good communication
- Alignment with elected and appointed officials – Council and EDA
- Risk mitigation coupled with bold action
- Talented and committed project partners; public financing consultants, legal team, engineering, architects, and contractor(s)
- Visionary private development partner – Alatus, LLC
- A little bit of luck along the way!

Let's Talk!



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