

MEMORANDUM

TO: Heather Butkowski – City Administrator
FROM: Keith Dahl & Stacie Kvilvang - Ehlers
DATE: March 18, 2022
SUBJECT: 1795 Eustis – Real Estate Equities Redevelopment

At the March 8, 2022 meeting, the Council reviewed the preliminary business terms for the development of the above referenced property into a 114-unit senior rental project. Attached to this memo is a copy of the Purchase and Development Agreement with the reviewed terms incorporated into the contract. The only 2 changes worth noting is they have until July 8th to close (prior was July 1) and more detail on the affordability levels by units and incomes in bold text in #6 below (with strike out of previous term):

1. General
 - a. Development Agreement with Lauderdale AH I, LLP
2. Purchase of Land
 - a. City is selling land “AS IS”
 - b. Purchase price of \$1,360,552 which pays off the existing City bond issue
 - i. \$15,000 in earnest money at time of execution of the Agreement and applied to purchase price at closing
 - c. Closing by July ~~18~~, 2022
3. Development and Timing of Construction
 - a. Construction of a 114-unit senior apartment and related parking
 - b. Must commence construction December 31, 2022 and be completed by June 30, 2024
 - i. Only an event of default if they don’t commence by July 31, 2023 or obtain Certificate of Occupancy by December 31, 2025
4. Minimum Assessment Agreement (MAA)
 - a. Execution of an MAA for \$19,950,000 as of January 2, 2024 through the term of the TIF Note
5. Tax Increment
 - a. The City created TIF District 1-2
 - b. The Developer will be reimbursed for land acquisition in the form of a pay-as-you-go note in the amount of \$810,000
 - i. Term of the TIF Note will be for 15 years

- ii. Interest will be simple, non-compounding paid at the lesser of 3.9% or Developers actual financing rate
- iii. Developer will receive 75% of the tax increment generated from their project

6. Compliance with Low and Moderate-Income Requirement

- a. ~~100% of the units must be affordable to persons at or below 50% of the area median income. Eleven (11) of the units have to be affordable to persons at or below 30% of the area median income (AMI), 81 of the units have to be affordable at 50% of AMI and 22 units can be affordable at 60% AMI, with rents restricted at 50% AMI (this income averaging places the entire project affordable at 50% AMI or less)~~
- b. Developer must report annually by April 15th (starting on first April 15th after issuance of CO) to the City showing compliance with this requirement.
- c. If documentation is not provided or it is determined the developer is not in compliance with this requirement, then TIF payments will be withheld until they are in compliance.
- d. Required to file a Declaration Regarding Income Restrictions for 26 years.

7. Taxes

- a. Developer shall pay all real property taxes
- b. Developer cannot seek administrative or judicial review of constitutionality of the taxes or a deferral or abatement of the taxes
- c. Developer must inform the City in writing if they intend to petition for a reduction in their taxable value. The TIF payments during outstanding petitions will be paid at the MAA amount until the tax petition is settled or dismissed.

8. Payment of City Costs

- a. Acknowledges that the developer has deposited \$10,000 with the City to date to cover administrative, legal and fiscal consultant expenses. The Developer is required to pay 100% of the City's costs associated with the project.

Please contact either of us at 651-697-8500.