

# City Council Agenda Item Memo

**From:** Mike Struck, Community Development Director

**Council Meeting:** January 23, 2024

**Subject:** Tax Increment Financing #15 Developer's Agreement

**Person(s) Responsible:** Mike Struck, Community Development Director

## **Summary:**

Request to approve the Developer's Agreement between the City of Brookings and Minor Investments Family LLLP, for Tax Increment Financing District #15. The agreement details the total project costs eligible for reimbursement and the terms of tax increment revenue payment to the developer from Tax Increment Financing District #15. Staff recommends approval.

## **Background:**

Minor Investments Family LLLP requested Tax Increment Financing assistance for the development of two vacant parcels at the northwest quadrants of Main Avenue South and Trail Ridge Road. The project entails the construction of a mixed-use building with commercial space and a covered parking area on the main level with three stories of residential units above. The west portion of the project includes four four-plexes and a twin home. A pocket park is being incorporated to the west of the mixed-use building. Tax Increment Financing District #15 is a partnership between the Developer and the City of Brookings as a portion of the eligible expenses are the responsibility of the Developer and the City intends to utilize a portion of the tax increment to improve the public right-of-way along Main Avenue South between 8<sup>th</sup> Street South and 12<sup>th</sup> Street South.

## **Item Details:**

The Developer requested tax increment financing assistance to help with site improvements, infrastructure serving the site, and financing costs. The agreement identifies the terms of tax increment revenue payments with the Developer receiving 100% of the revenue generated from the project during the first three (3) years to assist the Developer during the lease up stabilization period. Starting in year four, the revenue is shared equally between the Developer and the City until such time as the Developer is paid in full or expiration of the Tax Increment District. The maximum revenue the Developer can receive is Three Million Four Hundred Fifty Thousand Seven Hundred Sixty-Six Dollars (\$3,450,766). The City can capture up to One Million Five Hundred Forty-Nine Thousand Two Hundred Thirty-Four Dollars (\$1,549,234) to put towards pedestrian improvements along Main Avenue South.

**Legal Consideration:**

The City Attorney has reviewed the Developer Agreement.

**Strategic Plan Consideration:**

The Developer's Agreement is consistent with Goal 1 Fiscal Responsibility, Goal 2 Safe, Inclusive Connected Community, and Goal 5 Economic Growth of the 2018-2023 City Council Strategic Plan by creating a public/private partnership utilizing tax increment financing to encourage public and private sector investment to further the development of the community by connecting the street network, while providing infrastructure serving an undeveloped commercial corridor.

**Financial Consideration:**

Tax increment financing is a pay-as-you-go financing in which the Developer is responsible for fronting the costs and is only reimbursed from increased revenue generated from the project.

**Options and Recommendation:**

The City Council has the following options:

1. Approve as presented
2. Amend
3. Deny
4. Move the item to a Study Session
5. Discuss / take no action / table

Staff recommends approval.

**Supporting Documentation:**

Memo

Developer's Agreement