

# The Vanguard - Villas at SWP

## Incentive Request Executive Summary

### January 27th, 2021

Estimated Total Development Cost:	\$ 30,460,000	100.00%
Private Investment and Debt:	\$ 27,570,00	90.51%
LCRA Tax Abatement – NPV of 25 yrs. at 50%:	\$ 2,080,000	6.83%
LCRA Est. Sales and Use Tax Savings on Const. Materials:	\$ 813,000	2.67%

See the enclosed LCRA Assumptions and But-For Draft Exhibits for further project detail

#### **Incentive Tools:**

LCRA Tax Abatement at 50% for 25 Years

LCRA Sales and Use Tax Exemption on Construction Materials

#### **Project Highlights:**

The Vanguard – Villas at SWP, will be a market rate rental development that will define another housing choice at the activity center that has been created at the Streets of West Pryor. The ground underlying The Vanguard will not be developed without public incentives. Matt Pennington has met with the neighbors on the plan and they have provided initial support.

The property is currently generating \$100 annually in real estate taxes. With The Vanguard in place, the taxing jurisdictions would receive a projected \$127,264 in the first full year, increasing annually. This would amount to a gross increase to the taxing jurisdictions of \$3,825,926 and an NPV value of \$2,078,147 over the 25-year term.

The Vanguard would achieve many of the goals outlined in the City of LS Economic Development Incentive Policy. It is within the I-470 Chipman/Colbern Targeted Planning Area, which specifically references this land and the undermining issue. We plan to further outline in our formal presentation all the EDC guidelines that this project satisfies.

This incentive is being requested for a new free-standing project to be developed by a team consisting of Drake Development, Tegethoff Development and HaneyCo KC. This property is within the overall SWP TIF Redevelopment Area, but is not a part of the TIF, TDD or CID Project Areas, and is not currently receiving an incentive.

The incentive will fill the financial gap being created by \$705,000 in Off-Site development costs and \$2,169,400 in mine remediation costs based on our plan to stabilize the property to allow for development. We have created a Draft But-For Analysis for review and discussion, which is enclosed.

One additional benefit of using the LCRA tool is also being discussed in concept with David Bushek and it may provide a solution for issuing bonds on the SWP project. We will touch on this idea on our call tomorrow as well.