

Clearance for Redevelopment Authority (LCRA Act) to provide compensation for mine remediation costs and off-site public improvement costs associated with the Vanguard Villas consisting of 83 residential units in the western-most lot on the Streets of West Pryor area. The mine remediation is necessary to make the property developable, presenting extraordinary redevelopment costs to this part of the overall project. Developer's request is to have the City approve an LCRA Redevelopment Plan that would provide 50% real property tax abatement for a period of 25 years as the mechanism to incentivize the undermine remediation costs for the project.

The LCRA Board of Commissioners conducted a public hearing to consider the request on March 24, 2021. Following the public hearing, the Board voted 4-1 to recommend approval of the LCRA Redevelopment Plan. The vote against the Resolution was based on concerns about the design of the residential units and garage placement, and the relationship between these concerns and consistency between the LCRA Redevelopment Plan and the City's Comprehensive Plan.

The attached memorandum from David Bushek provides more background and details about the request.

Impact/Analysis:

This is a snapshot of the Developer's tax projections regarding the tax impacts in year 1 and for the life of the abatement period:

Year 1

\$127,364	Taxes generated in Year 1 for all taxing districts
\$22,291	City share of taxes in Year 1

Full 25-Year Period

\$3,828,932	Taxes generated for all taxing districts
\$670,145	City share of taxes over 25 years

Abated Taxes - Benefit to Developer

\$127,364	Abatement in Year 1
\$3,838,923	Total Abatement over 25 years

This is a calculation of the amount of the requested incentive as a proportion of the entire project costs:

\$30,462,000	Total Project Costs
\$2,080,000	Net Present Value of Tax Abatement
\$813,000	Value of Sales Tax Exemption to Developer
9.5%	Proportion of Incentive to Total Project Costs

Timeline:

Start: Construction would commence this year

Finish: Developer has presented a phased construction schedule over the next few years, ending with completion of construction in Spring 2023.

Other Information/Unique Characteristics:

The mine remediation presents unique engineering issues. Developer has engaged a specialized engineering

company for this work, and the City has also engaged a specialized engineer to evaluate and comment on Developer's proposed engineering for the remediation.

Mark Dunning, Assistant City Manager

David Bushek, Chief Counsel of Economic Development and Planning

Jeff Haney, Haney Commercial Real Estate Company

Matt Pennington, Drake Development

Recommendation: Staff recommends approval of the request.

Committee Recommendation: [Enter Committee Recommendation text Here]