

Legislation Text

File #: 2020-3610, **Version:** 1

Presentation - Conceptual Economic Development Incentive Request - Proposed Cedar Creek Shopping Center Community Improvement District; Cadence Commercial Real Estate, applicant.

Issue/Request:

Presentation - Conceptual Economic Development Incentive Request - Cedar Creek Shopping Center Community Improvement District and Land Clearance for Redevelopment Authority Incentive Request; Cadence Commercial Real Estate LLC, applicant.

Key Issues:

In accordance with the City's adopted Economic Development Incentive Policy, Cadence Commercial Real Estate, LLC ("Developer") is presenting a conceptual incentive request for a proposed renovation of a portion of the Cedar Creek Shopping Center and the Pizza Hut property owned by Developer on the north side of 3rd Street. Developer is requesting incentives through the use of a Blighted Community Improvement District (CID) by imposing a sales and use tax of up to 1% on all taxable retail sales within its boundaries, and also an incentive through the Land Clearance for Redevelopment Authority Act (LCRA Act).

The proposed renovation is located within the US 50 Highway Targeted Planning Area referenced in the Economic Development Incentive Policy. The property has already been declared to be a blighted area pursuant to the LCRA Act. The proposed renovation only includes roughly the southern half of the shopping center ("in-line" or "strip center" buildings) and does not include the Hy-Vee grocery store and the out-lots located on the eastern and northern portions of the shopping area. The proposed incentive area also includes the Pizza Hut property located on the north side of 3rd Street. Developer owns the property within the proposed incentive area, and does not own the other properties that are in the shopping center but outside the proposed incentive area.

The proposed scope of the renovation includes the following building and site improvements that are being requested to be reimbursed through the CID and the LCRA:

Cedar Creek property -

- * Main center building façade
- * Parking lot / common area reconfiguration
- * Landscaping
- * LED lighting
- * Signage
- * Inspection costs
- * Tenant Improvement allowances

Pizza Hut property -

- * Building remodel

The proposed CID would also fund annual operating expenses which includes City administration fee and professional costs for the CID operations.

The total estimated project cost is \$9,430,023 which includes land acquisition. Developer is requesting the proposed CID reimburse project eligible costs of \$1,499,317 which is 15.9% of the total investment for the renovation.

Developer may also request an LCRA incentive to provide for sales tax exemption on construction materials which are used in the renovation process. The numbers summarized above and in Developer's proposed budget are net of the sales tax exemption that may be requested.

The applicant and staff are seeking feedback from the Mayor and Council prior to committing additional resources necessary to formally prepare the proposed CID petition and LCRA incentive request for formal consideration.

Proposed City Council Motion:

I move to direct the applicant and staff to continue to prepare the proposed economic development incentive request for formal consideration by the Mayor and City Council.

Background:

Developer is pursuing the renovation of a portion of the Cedar Creek Shopping Center that is owned by Developer as well as the Pizza Hut property located north of 3rd Street. Developer has submitted a Financial Incentive Pre-Application Worksheet to the City. Developer will schedule a pre-application meeting with Development Services to review the proposed renovations and determine what UDO requirements will be applicable. Depending upon the scope of the proposed redevelopment, the project might be considered through a Final Development Plan process which is an administrative review and approval process. Should the proposed renovation require a variance or not be able to meet current UDO development standards, the project would be required to go through the Preliminary Development Plan process which includes public hearings before the Planning Commission and City Council.

Impact/Analysis:

This CID will impose a new 1% sales and use tax only within the boundaries of the proposed CID, and does not impose any financial burdens on the City. All costs incurred by the City to receive and distribute the sales tax will be funded as administrative costs of the District. The City's costs to review and process the incentive requests will be covered through a Funding Agreement which is also on this Council agenda for approval by ordinance.

Timeline:

Developer will provide a timeline when the application is considered.

Other Information/Unique Characteristics:

This would be the first time that the City would use a CID and sales tax exemption through the LCRA for a redevelopment project.

Curt Petersen, Polsinelli law firm
Trip Ross, Cadence Commercial Real Estate, LLC
David Bushek, Chief Counsel of Economic Development & Planning
Mark Dunning, Assistant City Manager

Recommendation: Staff recommends that the applicant proceed after receiving direction from the City Council.

Committee Recommendation: Not yet applicable. If the LCRA incentive request moves forward, the LCRA Board of Commissioners will need to review and provide a recommendation on a Redevelopment Plan and associated transaction documents.