

Legislation Text

File #: 2019-3131, **Version:** 1

Public Hearing: Residences at Echelon Amendments to Chapter 100 Industrial Development Project.

Issue/Request:

M-150 Echelon Land Development, LLC is the developer of the 243 unit multi-family Residences at Echelon project currently under construction on 12.6 acres immediately north of Aldersgate Methodist Church located on M-150 Hwy. M-150 Echelon Land Development, LLC is requesting to amend the Chapter 100 Industrial Development Project to amend the Payment in Lieu of Tax (PILOT) schedule and authorize additional bond capacity in the amount of \$9,000,000 for a total maximum principal amount not to exceed \$36,000,000 to complete the project. The request to amend the approved Chapter 100 Industrial Development Project is due to construction delays caused by various factors.

Key Issues:

M-150 Echelon Land Development, LLC is requesting to amend the current PILOT schedule to allow for one additional year for construction completion. The current approved PILOT schedule allows for the first two year PILOTS to be nominal amounts to allow for project completion during 2017 - 2018 with 2019 PILOTS established for project completion and full occupancy. The PILOT structure for the completed project is approved to be in place through 2028 (ten year period). As the project is not fully completed, M-150 Echelon Land Development, LLC is requesting one additional year of nominal PILOT's to allow for project completion and occupancy prior to triggering the "full" PILOT payment for the completed project. In summary, this would adjust the PILOT schedule by deferring the "full" PILOT payment by one year. Provided below is a comparison of the approved PILOT schedule and the proposed/requested PILOT schedule.

<u>Approved PILOT Schedule</u>		<u>Proposed/Requested PILOT Schedule</u>	
YEAR	AMOUNT	YEAR	AMOUNT
2017	20,421	2017	20,421
2018	20,421	2018	20,421
2019	241,299	2019	20,421
2020	241,299	2020	241,299
2021	241,299	2021	241,299
2022	247,331	2022	241,299
2023	247,331	2023	247,331
2024	247,331	2024	247,331
2025	247,331	2025	247,331
2026	247,331	2026	247,331
2027	253,514	2027	247,331
2028	253,514	2028	253,514
		2029	253,514

In addition to adjusting the PILOT schedule to allow for completion of the project, M-150 Echelon Land Development is requesting an increase in bond capacity of \$9,000,000 for a total maximum principal amount

not to exceed \$36,000,000. This requested increase does not change the risk of the project for the City and only adjusts the bond amount to to cover project costs.

In making these adjustments, the maturity of the bonds would be extended for one year to December 1, 2029; the term of the lease would be extended by one year to December 1, 2029; and the term of the PILOT schedule extended by one year through 2029.

Proposed City Council Motion:

No motion necessary - a proposed ordinance has been placed on the December 3, 2019 agenda for consideration.

Background:

On January 12, 2017 the City Council passed Ordinance No. 8069, authorizing the City to issue its Taxable Industrial Development Revenue Bonds (Residences at Echelon Project), Series 2017, in the maximum principal amount of \$27,000,000 for the purpose of acquiring and improving certain real property including the construction and improvement of a luxury multi-family apartment project on the project site. The project consists of the design and construction of a 243 unit luxury apartment development in which the company receives tax abatement under the Chapter 100 structure on the real property included in the project. However, the company makes fixed PILOTS in accordance with the approved PILOT schedule. The PILOT schedule was based on information provided to the Council by City staff regarding the tax payments on comparable properties at the time of consideration. The approved PILOT amount was based on \$993 per unit beginning in 2019 upon anticipated project completion.

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