

Recommended Tax Abatement Changes

Residential

- New Homes - No Changes
- Blighted - add 5 year, 100% for both new construction and remodeling
- Historic - add 5 year, 100 % for both new construction and remodeling
- Please note remodeling has a 10% minimum improvement

Commercial

- No recommended changes
- Does Council have any areas they see a need to include in addition to the current urban revitalization areas?

Multi-Family Residential

- Apartments and Buildings over 3 units - add 5 years, 100% abatement on new developments (incenting market rate units) in lieu of the new home abatement that is on the first 75,000 of valuation

Housing Requests

- Muscatine Landing: Recommending 5 year, 100% TIF
- Oak Park: Recommending 15 year, 70% TIF
- Steamboat Lofts: Recommending 10 year 100% Abatement or similar TIF

Estimated value of TIF or Tax Abatement:

- Muscatine Landing: TIF \$655,000, Abatement \$895,000
- Oak Park: TIF \$466,000, Abatement \$535,000
- Steamboat Lofts: TIF \$605,000, Abatement 703,000

Staff recommends submitting letters of support for all three applications, not favoring one development over another. We would certainly love to see all three projects move forward, but if the state determines that one application fits their rules or programming over another - we'd hate to not see either development move forward.

Why TIF over Tax Abatement:

- Abatement is a simpler process once adopted as it simply requires an application to be placed on council consent agenda,
- TIF allows for more flexibility
 - When the applicant is filing for tax credits (rules seems to change annually)
 - Allows more flexibility, such as...
 - Where public or private infrastructure is involved or required
 - Allows the city to mandate improvements or aesthetics
 - Allows for other considerations including parks, trails, green space, and other amenities

TAX ABATEMENT
 (Blue = Adopted, Red = Potential or Maximum)

RESIDENTIAL
 Single Family, Duplex,
 Condos and
 Apartments

**MULTI-FAMILY
 RESIDENTIAL**
 (Three or more units)

COMMERCIAL

New Homes

Blighted Areas

Historic

Apartments

Park Avenue
 and Grandview

5 years, 100%
 Minimum
 Assessed Value of
 \$175,000
 Abatement on first
 \$75,000 of value

New Homes
 5 Years, 100 %
 Minimum
 Assessed Value of
 \$175,000

New Homes
 Historically
 Sensitive
 5 Years, 100%
 Minimum
 Assessed Value of
 \$175,000

New Homes
 3 Years, 100%
 Minimum
 Assessed Value of
 \$175,000

Maximum
10 years 100%

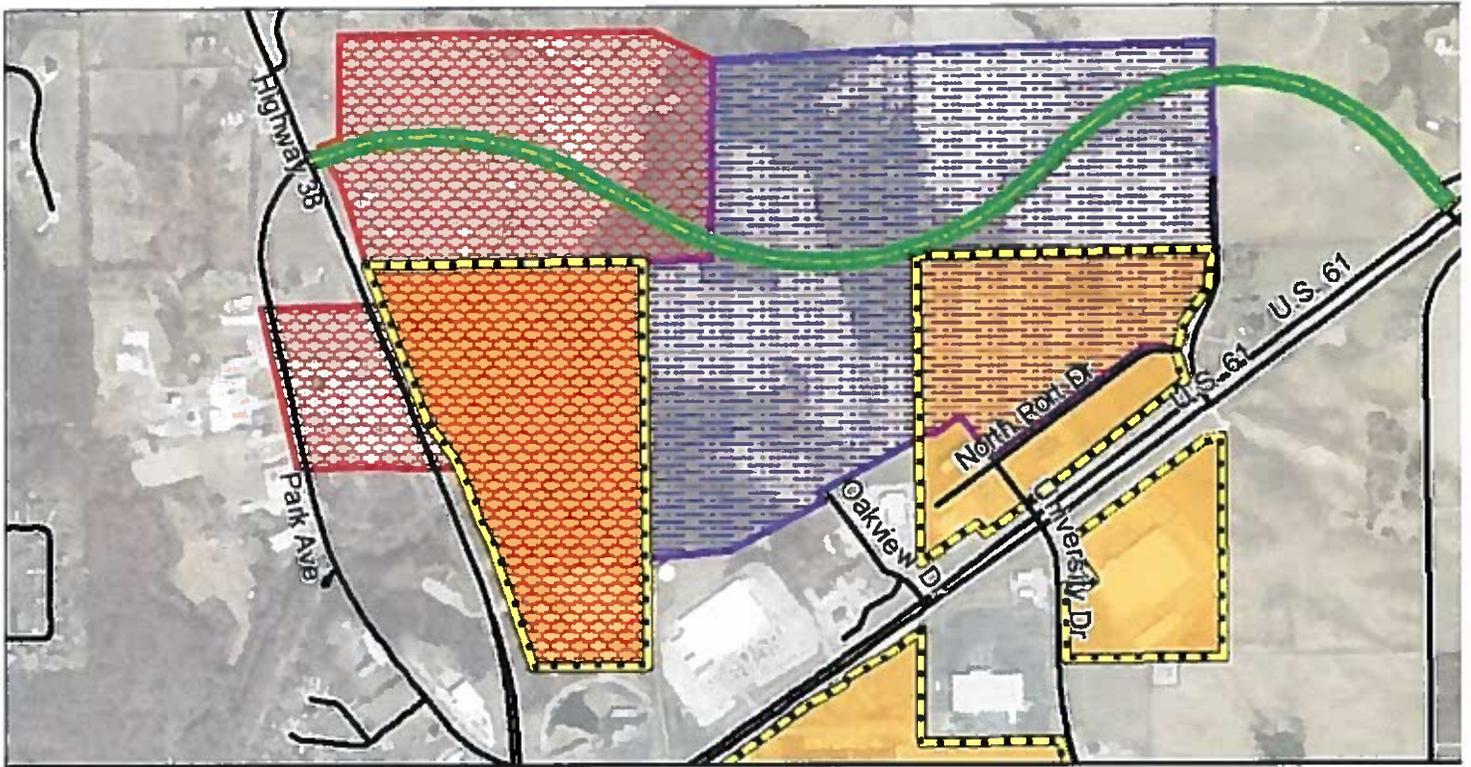
10 Year
 Declining Scale
 or 3 Years
 100%

Improvements or
 Additions
 3 Years, 100%
 Minimum 10%
 Increase in Value

Improvements or
 Additions
 3 Years, 100%
 Minimum 10%
 Increase in Value

Maximum
10 years 100%

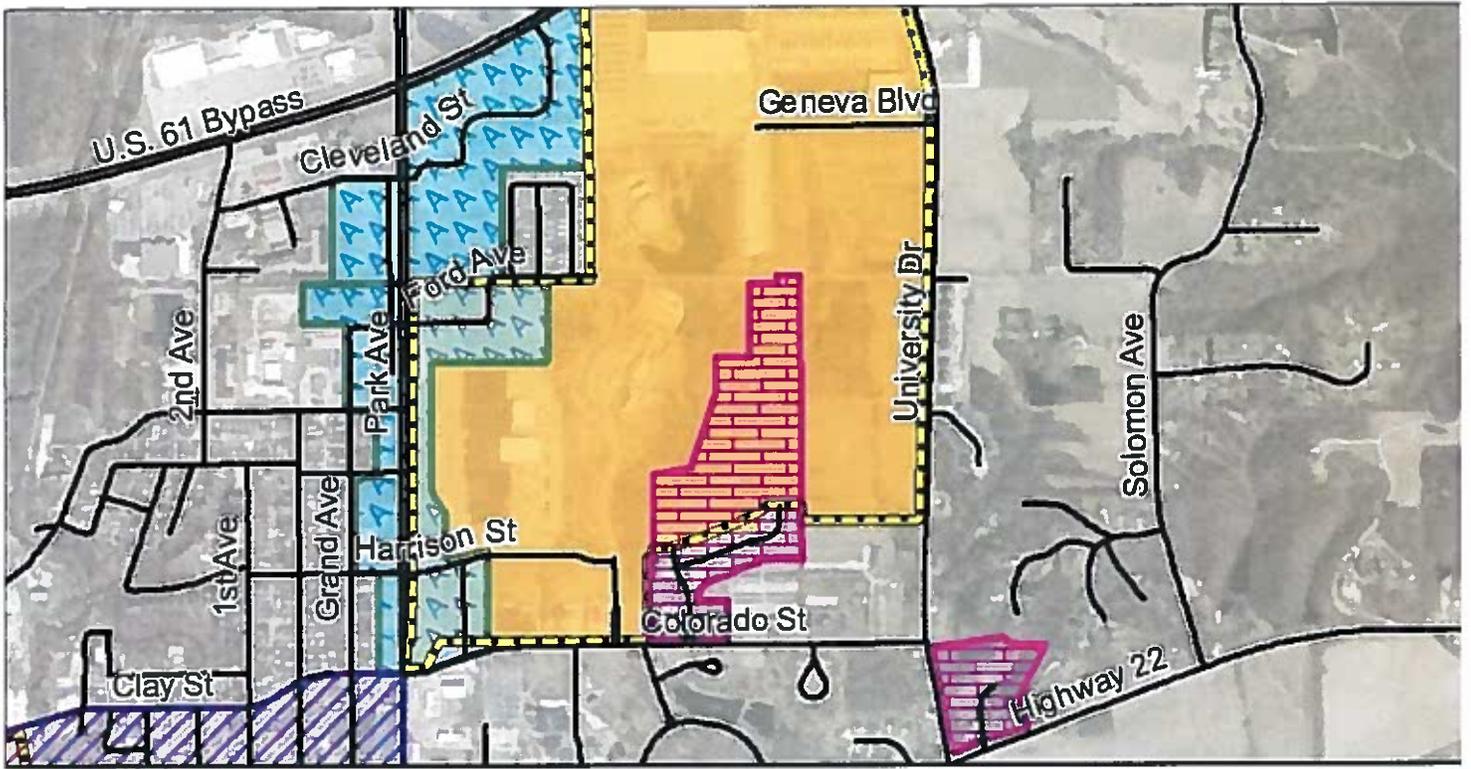
Maximum
10 years 100%



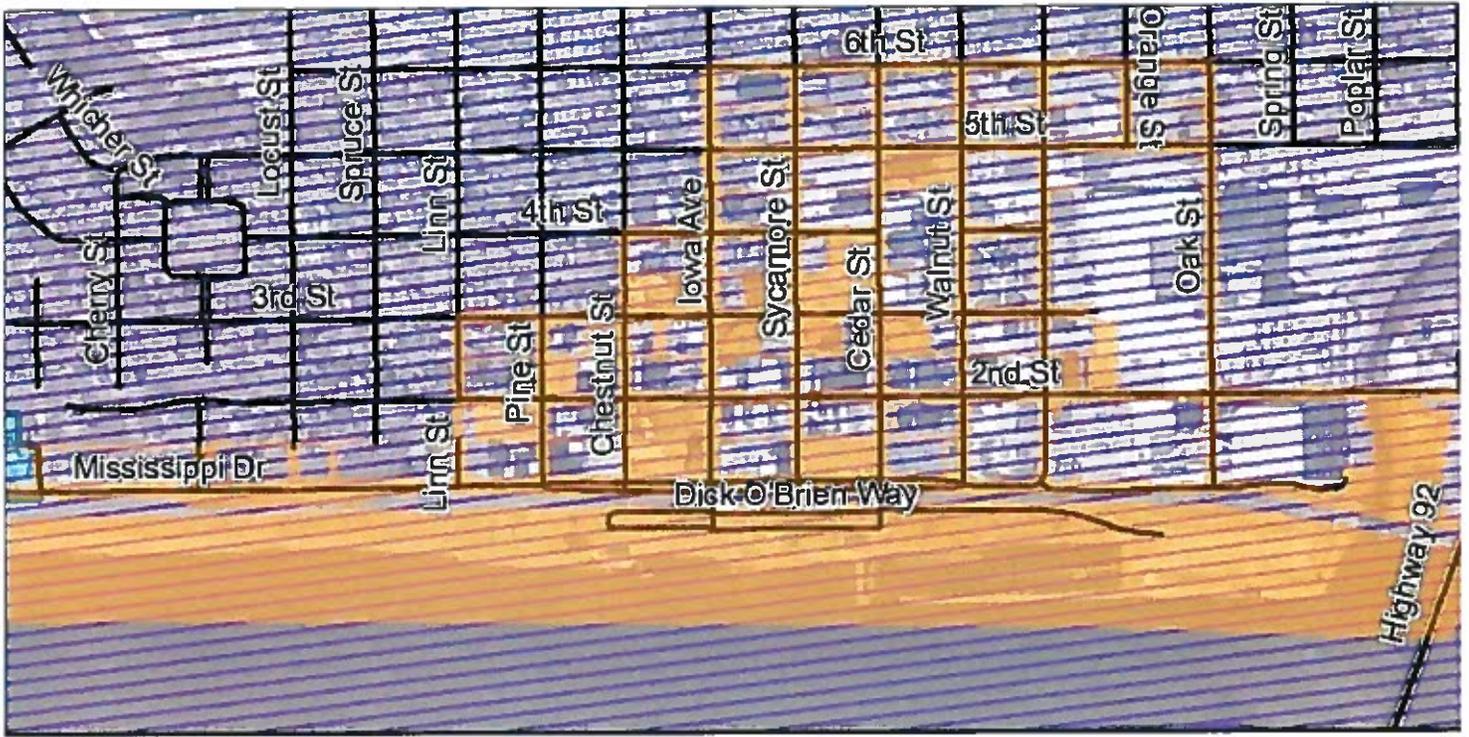
-  Existing TIF Districts
-  Eastern 38-61 Connector Proposed Abatment Area
-  Western 38-61 Connector Proposed TIF District



-  Existing Residential Abatment Areas
-  TIF Districts
-  Commercial Tax Abatement Districts
-  Blighted Area



-  Existing Residential Abatement Areas
-  Commercial Tax Abatement Districts
-  TIF Districts
-  Blighted Area



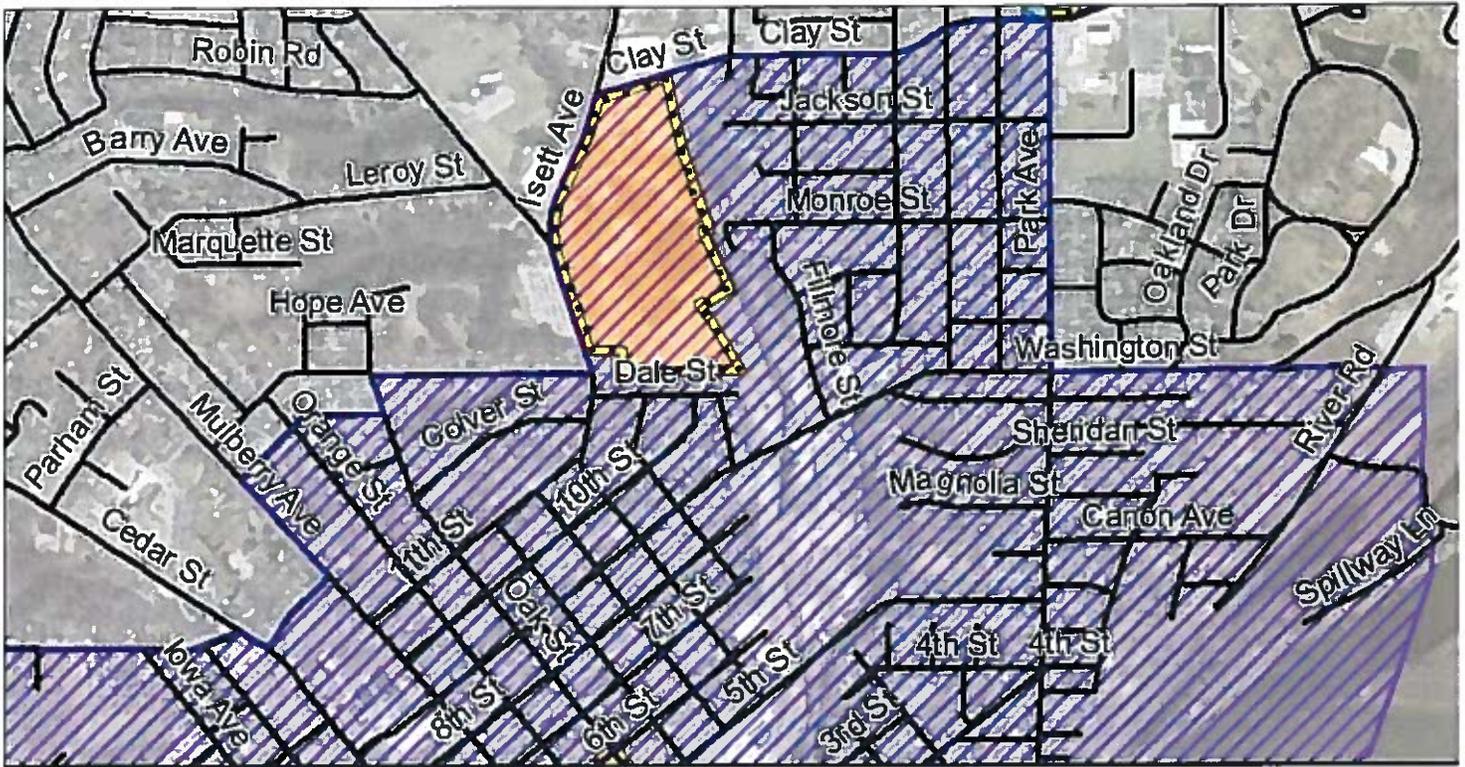
Existing TIF Districts Blighted Area

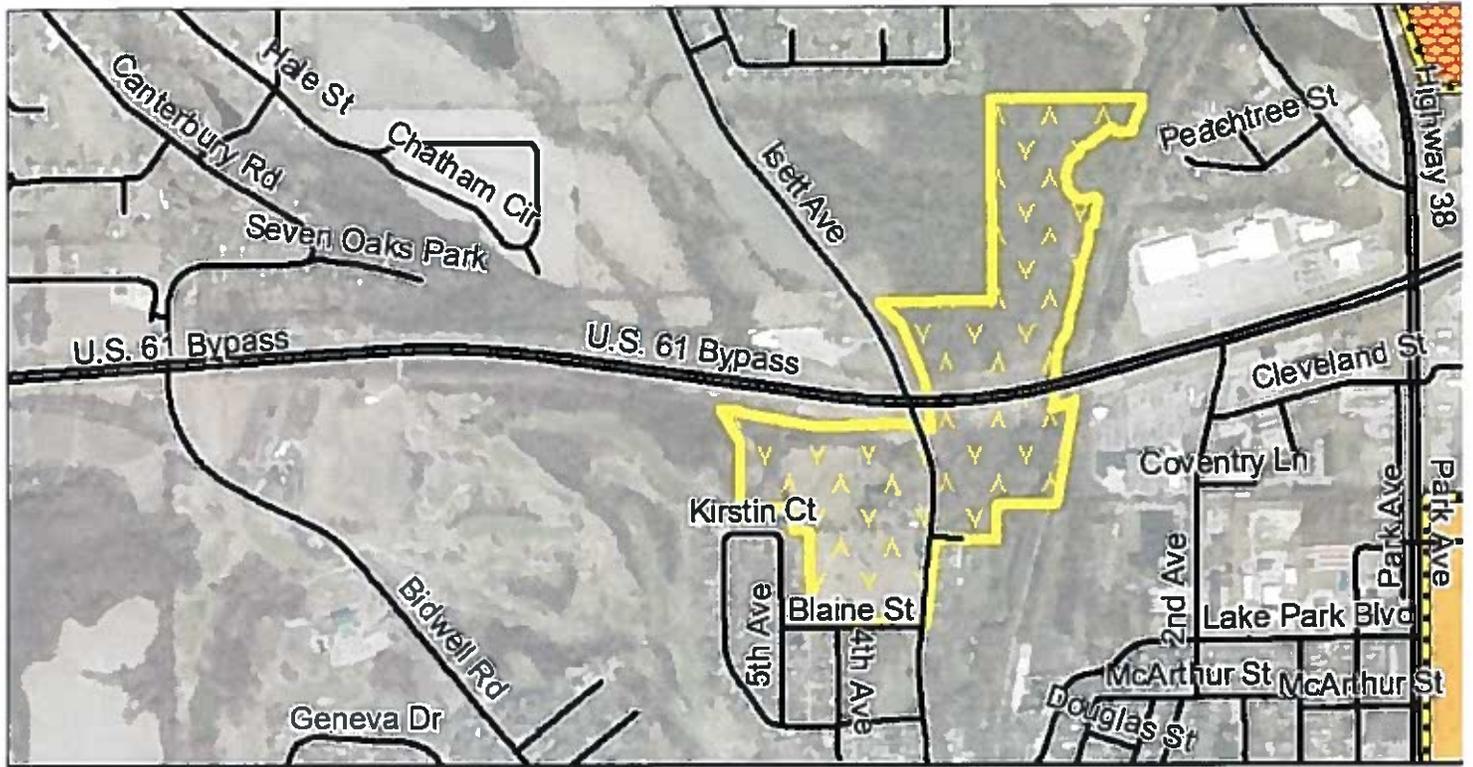


- Existing TIF Districts
- Existing Residential Abatement Areas
- Commercial Tax Abatement Districts
- Blighted Area

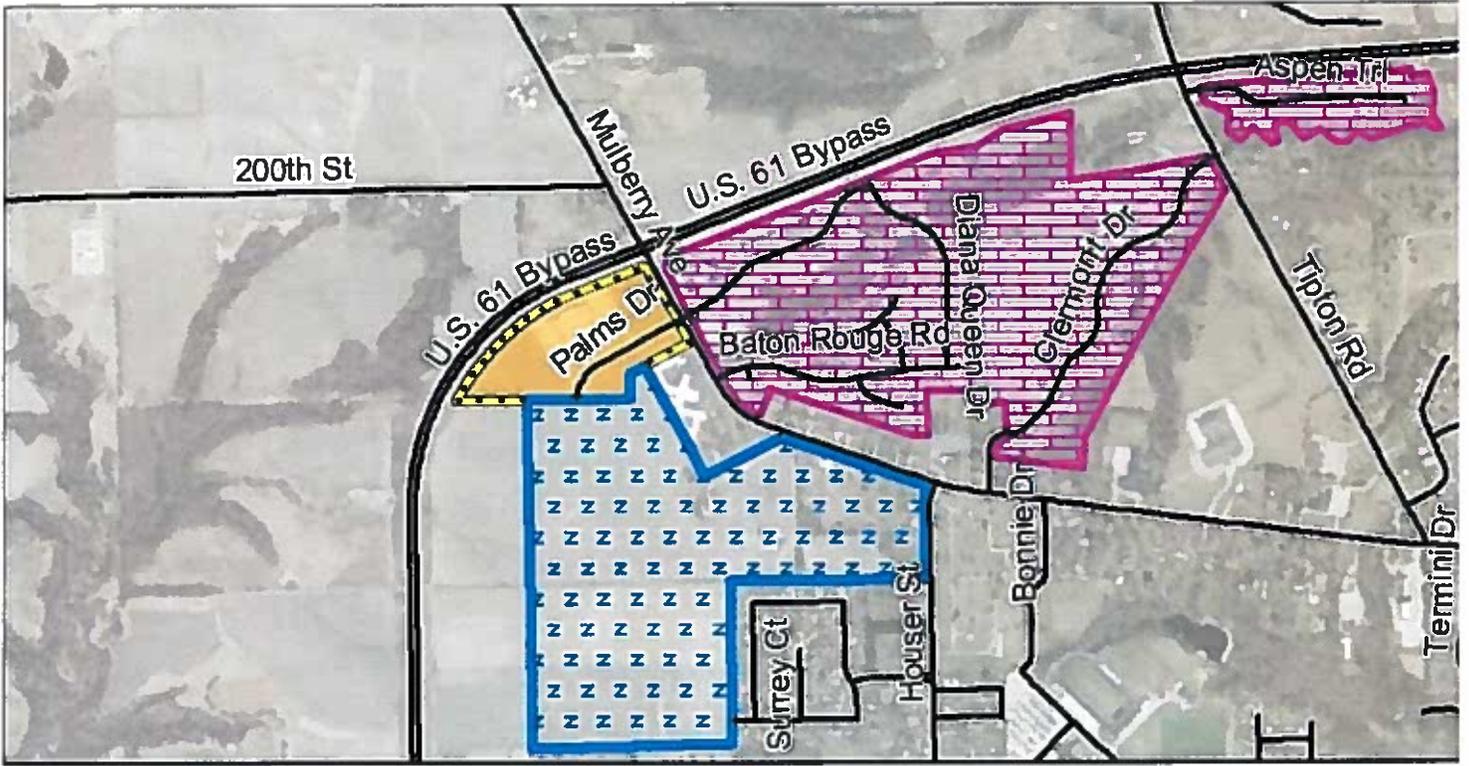


-  Existing TIF Districts
-  Existing Residential Abatement Areas
-  Commercial Tax Abatement Districts
-  Blighted Area





-  Existing TIF Districts
-  Upper MadCreek Abatement Area
-  Western 38-61 Connector Proposed TIF District



-  Palms Drive Proposed Abatement Area
-  Existing Residential Abatement Areas
-  Existing TIF Districts

**Oak Park, LLC
Project Summary**

A Contract to Purchase approximately 10 acres of undeveloped property at Isett and Blaine, north of Oak Park was signed by Ales & Company, LC on July 5, 2017. Oak Park, LLC was organized by Ales & Company, LC on August 9, 2017, and the Contract to Purchase was assigned to it.

The proposed site plan was completed by Martin & Whitacre on August 16, 2017 reflecting 16 new tri-plexes and a community room for individuals over the age 55. All 48 apartments will be over 1,000 square feet with two bedrooms and include a private patio. Incomes will be limited to 60% of the area median income, which is \$31,320, and rents will be approximately \$600 excluding utilities.

Total costs are estimated to be \$8.1M, with private equity and conventional financing of approximately \$1.3M. The Iowa Finance Authority's Affordable Housing Tax Credit will serve as the financial catalyst for the project providing approximately \$6.8M. Applications for these funds are due November 16, 2017. If approved in March, 2018, construction is expected to begin by the summer of 2018 and be ready for occupancy in 2019.

Essential to the projects viability, rezoning and 70% tax increment financing for 15 years is being requested from the City of Muscatine. Additionally, 12 Section 8 Project Based Vouchers are being requested from the Muscatine Public Housing Authority. Upon completion, annual property taxes are estimated to be \$38,000 a year, increasing annually by 3%.

Chris Ales will serve as a Consultant to Brian Fritz, owner of Pioneer Property Management Company. Pioneer currently manages two similar properties in Muscatine, Cottage Grove and the Welch Hotel, both of which were developed by Chris Ales. Brian Fritz will serve as the Owner and Manager of Oak Park, LLC.

IN CONCLUSION.....

- The city has some quality growth in this area of town with more planned
- The proposed street would help traffic flow and extend University Drive further, to north to proposed connector street
- The proposed sewer would serve over 250 acres to north
- We ask for a property tax abatement district for both residential and commercial property
- Like the council to consider a residential property tax refund like Davenport NOW to help spur residential growth.
- We want to work with the city to help spur growth, but need some help



September 12, 2017

Gregg Mandsager
City Administrator
The City of Muscatine
215 Sycamore St.
Muscatine, IA 52761

Re: Letter of Interest
Miller-Valentine Group Senior Housing Proposal for Muscatine, IA

Dear Mr. Mandsager:

Miller-Valentine Group is pleased to submit to you a letter of interest describing our proposal to develop workforce housing in Muscatine, IA and outlining our requests for City support on behalf of the development.

Miller-Valentine has obtained site control on a 10.8-acre site located at Steamboat Way (near Mulberry Avenue) located within the northwest quadrant of Muscatine. We intend to develop a mixed-income residential community for families at the site that weaves into the fabric of the neighborhood and complements surrounding architecture. We expect that the project would be comprised of 48-52 units of mostly 2BR and 3BR (with possibly a few 1BR) units. We are committed to energy efficient and sustainable design.

In order to make the project possible, we respectfully request the following from the City of Muscatine:

- Funding either through tax increment financing (TIF) and/or some other source amounting to \$700,000;
- The zoning relief, if necessary, required to allow for our proposed use;
- Support in pursuing financial support from the Muscatine Housing Cluster.

Miller-Valentine Group has been a leader in developing quality affordable housing around the country for nearly 25 years. Having developed over 10,000 units across 14 states, Miller-Valentine is a national leader in the residential real estate industry, with full service capabilities in development, property and asset management, and construction.

We are excited about the possibility of working with the City on the redevelopment of the Property as independent senior housing. We look forward to hearing from you.

Sincerely,

A handwritten signature in black ink, appearing to read "Hume An".

Hume An
Developer
Miller-Valentine Group