

City Council Workshop

April 16, 2018

Keller Baartman TIF Proposal

Purpose of Today's Workshop

- Continue Discussion on the Proposal and the use of TIF
- Financial and Technical Presentation on Preliminary analysis by Springsted, Inc.
- Allow for Questions by Council to Staff



City Council Workshop

March 17, 2018

Keller Baartman TIF Proposal



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Background

- Application for TIF – September 2017
- Developers- Bob Keller and Andy Baartman, Red Wing Residents
 - Keller Baartman Properties IV LLC
- HRA hired Springsted Inc. as a financial consultant
- HRA Board adopted Resolution in February to forward application to City
- March 17-City Council Workshop=Introduction of Proposal
- April 9, 2018-City Council adopted resolution to call for Public Hearing on May 29, 2018.

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April 16, 2016

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Quick Facts

- 294 Units Proposed- Begin June 1, 2018 construction
 - 56 Units designated as elderly-now changing to 122 units
 - 238 units as General Occupancy
- Styles
 - 64 townhomes
 - 230 Garden Style Apartments
- Build out Period
 - 2018 to 2023
 - Three Phases

Phase	Townhomes	Apartments
One	32	108
Two		122
Three	32	

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Strategic Plans

The proposal falls under one of the four HRA's 2014 Strategic Plan strategies: Maintain existing and expand new public-private sector housing opportunities.

The proposal meets the City's Strategic Plan Strategy Three: Community Vitality: Excel as a place to where people of all aged want to live and work. Spearhead initiatives that lead to sustainable population and economic growth, a well-trained future workforce, and an innovative, diversified employment base.

Goals and Action Steps B. Partner with the HRA to ensure residents of all incomes has proper housing for every stage of life; and Step 3. Invest in new apartment units for the general population and workforce housing.



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2014 Housing Needs Assessment

- 320 General Occupancy (GO) Units needed
- 261 Senior Units needed
- 61 GO units built since 2014, so net 259 units needed
- Proposed Development: 294 units
 - 122 Senior units
 - 172 GO units
- Subsidy Check
 - GO 96 units Shallow Subsidy
 - Senior 118 units
- Proposed Development
 - 69 GO Units
 - 49 Senior Units



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Positives

- High need for the modern rental housing-more options for residents
- Location is ideal for Mayo Clinic personnel and other Mall businesses
- No Risk for City with Pay as you Go financing
- Affordable Housing Component for life of TIF
- Mixed Use Mixed Income very desirable
- Local Developers
- City owned property will be sold
- Surplus TIF available for future housing developments
- 10 new Jobs: 6 FT and 4 PT
- Estimate 30% of TDC as wages for construction-back to the community
- Prepares Red Wing better for next big move, if happens, by industry



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Negatives

- 1% depreciation in housing says about 74 units per year in new construction (or major rehab of existing) must be done for maintenance of housing stock. Growth is above that number. New Construction, less the 61 units from last year, has been significantly below that number for a number of years.

