



Legislation Text

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Fiscal Note

This resolution would reduce the increment guarantee payments due from Monroe Neighbors, LLC in 2009 and 2010 from a total of \$322,525 to \$90,000. It is also anticipated that the extended guarantee schedule contained in this resolution would eliminate the need for additional payments from the developer in future years. These revisions to the guaranteed increment schedule will delay the estimated closing of TIF District #33 for approximately 2 to 3 years. All costs associated with the TIF assistance granted to Monroe Neighbors, LLC will be repaid through increment guarantee payments from the developer and TIF increment prior to the required closing of the TIF district.

Title

Authorizing the Mayor and City Clerk to execute an amendment to the 2005 Tax Incremental Financing Loan and Regulatory Agreement between the City and Monroe Neighbors, LLC

Body

In 2005, the Common Council authorized a tax incremental finance loan in the amount of \$2,322,000 (the "2005 TIF Loan") to Monroe Neighbors, LLC ("Developer") to assist in funding the development of a fifty-two unit residential condominium, grocery store and related parking. In 2007, the Common Council authorized a supplemental TIF loan to Developer in the amount of \$195,000 (the "2007 TIF Loan"). The 2005 TIF Loan and the 2007 TIF Loan were memorialized by separate TIF Loan Agreements and secured by mortgages on the project. The 2005 and 2007 TIF Loan Agreements obligate Developer to guaranty that the project will generate a specified amount of tax increment for the years 2006 through 2012. Each TIF Loan Agreement provides that if the project does not generate enough tax increment in any year, Developer is required to pay the City the amount of any deficiency by August of the following year. Excess increment, meaning tax increment received in excess of the amount guaranteed, is carried over as a credit to Developer to be used in any succeeding year in which the increment fell short of the guaranty.

The additional property value generated by the Monroe Neighbors, LLC development was not as rapid, nor was it as great, as was asserted by the Developer at the time that development assistance was approved. In tax year 2007, the project had an increment shortfall of \$6,692. Developer was notified of the deficiency and made payment to the City. In tax year 2008, the project had an increment shortfall of \$182,727. In 2009, the project had an increment shortfall of \$139,798. Developer was notified of these shortfalls and subsequently contacted the City to negotiate a resolution to the matter. Staff has met with Developer and negotiated a restructuring of the increment guaranty schedule that extends the number of years that Developer must guaranty increment from 2012 to 2014, and reduces the amount of the guaranty for years 2008 through 2012. The aggregate amount of Developer's tax increment guaranty will remain the same as under the current Agreements. Upon execution of an amendment to the 2005 TIF Loan Agreement, Developer will make payment to the City of \$90,000.

NOW THEREFORE BE IT RESOLVED, that the Mayor and City Clerk are hereby authorized to execute an amendment to the 2005 TIF Loan Agreement between the City and Developer to incorporate the terms as described herein, all in a form to be approved by the City Attorney.