



Legislation Text

File #: 07788, Version: 2

Fiscal Note

Any redevelopment of Allied Drive area properties by the City or CDA is expected to have a significant budgetary impact. Until a specific development proposal and budget is completed, however, it is difficult to speculate on the total cost of that redevelopment.

This resolution would authorize the CDA to contract for outside professional services including architectural, financial and development consulting services costing up to \$75,000 and needed to create a final development plan. This procurement work could be accomplished with the reallocation of current Economic and Community Development Division staff resources and would likely be funded with available City budget resources since the CDA does not have sufficient resources available to fully fund the costs of the anticipated pre-development services. There is presently \$500,000 of City funding budgeted in TIF District #29 for Allied redevelopment in 2007, of which about \$88,000 has been spent to date.

This resolution also outlines a proposed Allied Drive redevelopment plan that would commit the City to \$3,500,000 for property demolition and infrastructure construction costs. The proposed 2008 Executive Capital Budget includes \$3,500,000 of City funding for redevelopment of the City owned properties in TIF District #29 that could be made available for these specific purposes.

Title

AMENDED - Authorizing representatives of the Office of the Mayor, Office of the City Attorney, and Comptroller's Office to negotiate a Cooperation Agreement with the CDA and authorizing the CDA to enter into contracts for outside services.

Body

WHEREAS, by Amended Second Substitute Resolution No. 07172, adopted on September 4, 2007, the Common Council authorized the City to negotiate with the CDA to act as Master Developer of the City-owned properties located at 2317, 2345, and 2409 Allied Drive and 4705 and 4713 Jenewein Road; and

WHEREAS, the City and the CDA have been in discussions regarding the process by which a successful application for WHEDA Section 42 Low-Income Housing Tax Credits can best be made; and

WHEREAS, the funds necessary for the CDA to contract with outside services, including architectural studies, market analyses, and financial services necessary to create a final development plan under which the Tax Credits application will be filed, will come from already available resources through normal Planning Department processes; and

WHEREAS, the expected cost for razing the existing buildings on the City-owned property is approximately one million dollars (\$1,000,000); and

WHEREAS, the expected cost for infrastructure enhancements to serve the redeveloped property is approximately two million five hundred thousand dollars (\$2,500,000); and

WHEREAS, in order to make a successful application for WHEDA Section 42 Low-Income Housing Tax Credits, the developer must either have title or an irrevocable option to take title of the property to be developed; and

WHEREAS, it is expected that an additional resolution including the final development plan for the first phase

of the Allied Drive redevelopment will be introduced to the Common Council on December 4, 2007; and

WHEREAS, the expected timeline leading to the filing of the Tax Credits applications is as follows:

1. October 16, 2007: Resolution on CDA/City negotiation introduced at Common Council;
2. October 24, 2007: Last date by which special CDA and/or Housing Committee meeting must be held to discuss resolution;
3. October 25, 2007: Resolution acted upon by Allied Drive Task Force;
4. October 29, 2007: Resolution acted upon by Board of Estimates;
5. November 6, 2007: Common Council vote on CDA/City negotiation resolution
6. Week of November 12, 2007: First neighborhood meeting to discuss design concepts;
7. November 30, 2007: Target date by which financial, architectural and market study teams should be secured;
8. December 4, 2007: Resolution including final design proposal and authorization to execute the Cooperation Agreement between the City and the CDA introduced at Common Council;
9. Week of December 10, 2007: Second neighborhood meeting with final design concepts;
10. December 21, 2007: Final design proposal package prepared for review;
11. January 2, 2008: Review by Housing Committee;
12. January 3, 2008: Review by CDBG;
13. Week of January 7, 2008: Review by Allied Drive Task Force at special meeting;
14. January 10, 2008: Review by CDA;
15. January 14, 2008: Review by Board of Estimates;
16. January 22, 2008: Common Council vote on resolution including final design proposal and authorization to execute the Cooperation Agreement between the City and the CDA;
17. February 1, 2008: Deadline for Tax Credits application to be filed; and

NOW, THEREFORE, BE IT RESOLVED, that the Common Council hereby authorizes representatives from the Office of the Mayor, Office of the City Attorney, and Comptroller's Office to negotiate a Cooperation Agreement with the CDA that includes the following material conditions:

1. The CDA will act as the Master Developer of the City-owned properties located at 2317, 2345, and 2409 Allied Drive and 4705 and 4713 Jenewein Road;
2. Identification of:
 - a. A land value amount to be incorporated into the financial plan for the redevelopment;
 - b. The process for transferring title for City-owned properties identified above to the CDA;
 - c. The process for the City to recover title to the properties identified above should the Tax Credit application fail;
 - d. The funding sources and backstops for the first phase of redevelopment;
 - e. The sources and schedules of repayment for City investments in the redevelopment; and
 - f. The mechanism for maintaining long-term affordability within the redeveloped units;
3. The CDA will construct and/or oversee construction of approximately 100 housing units which shall include a mix of lower-income rental units and affordable and market-rate owner-occupied dwelling units;
4. The CDA will use traditional real estate development models, including the visions developed through the community design workshops and Common Council Resolution No. 0700847 adopting an affordable housing plan for Allied Drive;
5. The first phase of this development will focus on the construction of 40-48 lower-income rental units with priority for occupancy or ownership given to existing City property and Allied Drive area residents;
6. The first phase of this redevelopment is contingent upon a successful application for WHEDA Section 42 Low-Income Housing Tax Credits;
7. The CDA will solicit neighborhood involvement and input by developing several options for redevelopment, conducting an initial neighborhood meeting to present options to residents and neighbors, incorporating the concerns and input of the residents and neighbors into the final plan, and holding at least one additional meeting to present a final plan to the residents and neighbors prior to

~~the introduction~~ prior to the adoption by the Common Council of the final proposal resolution before the Common Council;

8. The CDA will reinvest any fees or equity capitalization it earns from development into the Allied Drive neighborhood and other community development initiatives consistent with the City's policies, plans and objectives;
9. ~~The City will be responsible for any demolition and infrastructure work necessary for the first phase of redevelopment in an amount not to exceed the funds designated for such uses in the 2008 Capital Budget;~~
10. The CDA will develop, through an RFP process involving public, non-profit and private developers, the remaining portion of land into a mix of 50-70 units, a majority of which shall be owner-occupied units available via direct purchase, rent-to-own, or other mechanisms that will encourage low-income home ownership; and

BE IT FINALLY RESOLVED, that the Common Council hereby authorizes the CDA to enter into contracts not to exceed the cumulative cost of seventy-five thousand dollars (\$75,000) for outside services including architectural studies, market analyses, and financial services necessary to create a final development plan under which the Tax Credits application will be filed.