



Economic Development
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TO: Michael C. Van Milligen, City Manager

FROM: Jill M. Connors, Economic Development Director

SUBJECT: Resolution Setting a Public Hearing on a Proposed Development Agreement by and between the City of Dubuque, Iowa and Union at the Marina, LP Providing for the Sale of City-owned Real Estate to Union at the Marina, LP and the Issuance of Urban Renewal Tax Increment Revenue Grant Obligations Pursuant to the Development Agreement

DATE: September 11, 2023

INTRODUCTION

This memorandum is a request for the City Council to adopt the attached resolution setting a public hearing for October 16, 2023 on a proposed Development Agreement by and between the City of Dubuque, Iowa and Union at the Marina, LP and the City of Dubuque providing for the sale of City-owned real estate in Greater Downtown Urban Renewal District to Union at the Marina, LP and the issuance of Urban Renewal Tax Increment Revenue Grant Obligations.

BACKGROUND

Union at the Marina, LP is a subsidiary of The Annex Group. The Annex Group is an Indiana based multifamily housing developer that creates market-rate, workforce, affordable, and student housing communities. The Group has successfully completed housing creation projects across the Midwest and is currently constructing a 216-unit development in Des Moines.

DISCUSSION

The Annex Group began communication with City staff in September 2022, expressing interest in developing a multi-residential project in Dubuque with the assistance of the state's 4% Low Income Housing Tax Credit program. The Group identified 1860 Hawthorne Street – the former Bowling and Beyond site – as a prime location for their

project. The project will create 201 affordable rental units in the North End of the Greater Downtown Area. Subject to State of Iowa and City of Dubuque approval, Union at the Marina, LP is proposing to purchase from the City of Dubuque the property located at 1860 Hawthorne Street as a site to construct its latest housing development. The project is anticipated to begin in August of 2024.

The key elements of the Development Agreement include the following:

1. Developer must purchase property located at 1860 Hawthorne Street for \$777,546 per acre for a total purchase price of approximately \$4,082,116.
2. Developer must construct 201 rental units on the property.
3. Developer will receive a Land Acquisition Grant in an amount of \$20,000 per unit created but not to exceed the purchase price.
4. Developer will receive 15 years of tax increment financing incentives in the form of semi-annual rebates. Tax increment financing incentives are estimated to not exceed \$10,261,927.
5. City of Dubuque will sell approximately 5.25 acres of property to Developer.
6. City of Dubuque will amend the Greater Downtown Urban Renewal District Plan to accommodate the issuance of tax increment financing incentives.

The city will also need to invest just over one million dollars to replace an aging and undersized sanitary sewer lift station and these funds will be budgeted through the FY25 City budget process.

The procedure for the disposition of this urban renewal property includes additional requirements not required for other development agreements. Iowa Code § 403.8(2)(a) provides that a municipality may dispose of real property in an urban renewal area to private persons only under reasonable “competitive bidding procedures.” A municipality, by public notice by publication in a newspaper having a general circulation in the community, thirty days prior to the execution of a contract to sell, lease or otherwise transfer real property, and prior to the delivery of an instrument of conveyance with respect to the real property, may invite proposals from and make available all pertinent information to any persons interested in undertaking to redevelop or rehabilitate an urban renewal area, or a part of the area. The notice must identify the area, or portion of the area, and must state that proposals must be made by those interested within thirty days after the date of publication of the notice, and that further information available may be obtained at the office designated in the notice. The municipality must consider all redevelopment or rehabilitation proposals, and the financial and legal ability of the persons making the proposals to carry them out, and the municipality may negotiate

with any persons for proposals concerning the purchase, lease or other transfer of real property acquired by the municipality in the urban renewal area. The municipality may accept the proposal it deems to be in the public interest and in furtherance of the purposes of the urban renewal law. However, a notification of intention to accept the proposal must be filed with the governing body not less than thirty days prior to the acceptance. Thereafter, the municipality may execute a contract and may deliver deeds, leases and other instruments and may take all steps necessary to effectuate the contract.

The attached resolution is intended to comply with those requirements.

RECOMMENDATION/ ACTION STEP

I recommend the City Council adopt the attached resolution providing for competitive bidding procedures for this Development Agreement and setting an October 16, 2023 public hearing on the Development Agreement providing for the sale of City-owned property and the issuance of Urban Renewal Tax Increment Revenue Grant Obligations.