

**17TIF002 – Village on Monroe Preliminary Review
of Proposed Tax Increment Project**

Applicant: Joy McCracken for NeighborWorks® Dakota Home Resources

Proposed Project Title: The Village on Monroe

Purpose of Tax Increment District: The purpose of this Tax Increment District is to assist with the affordable housing residential development of property located at the southeast corner of Dilger Avenue and Monroe Street. The tax increment funds will be utilized for property acquisition. The Project Plan will be funded by the developer.

The Village on Monroe units are expected to be listed at \$104,400 for the one bedroom homes and \$142,000 for the two bedroom homes. These prices will allow for housing costs ranging from 18% to 25% of total income for households at the median income of \$46,966. A purchase price of \$104,400 would allow a household with an income as low as \$28,500 to afford a home with an expected housing cost of 30% of total income.

The anticipated five-unit townhome development on the property will generate sufficient revenues to repay the anticipated costs of the proposed district within eight years. The applicant has received approval by the Planning Commission for a five-unit townhome development. The school district property tax revenues associated with this proposal will be paid by the property owners within the Rapid City School District until the proposed tax increment district is repaid.

Proposed Boundaries: The proposed boundary includes Lots 14-16, Block 37, North Rapid Addition, including all of the adjacent public rights-of-way, is located southeast of the Dilger Avenue and Monroe Street intersection.

Existing Base Valuation: \$26,500

2016 Tax Rate: 16.289 per \$1,000 Owner-Occupied Tax Levy

Anticipated Increment:		Anticipated Increment Revenue:*	
2017	634,800	2019	10,340.26
2018	634,800	2020	10,340.26
2019	634,800	2021	10,340.26
2020	634,800	2022	10,340.26
2021	634,800	2023	10,340.26
2022	634,800	2024	10,340.26
2023	634,800	2025	10,340.26
2024	634,800	2026	10,340.26
2025	634,800	2027	10,340.26
2026	634,800	2028	10,340.26

2027	634,800	2029	10,340.26
2028	634,800	2030	10,340.26
2029	634,800	2031	10,340.26
2030	634,800	2032	10,340.26
2031	634,800	2033	10,340.26
2032	634,800	2034	10,340.26
2033	634,800	2035	10,340.26
2034	634,800	2036	10,340.26
2035	634,800	2037	10,340.26
2036	634,800	2038	10,340.26
2037	634,800	2039	10,340.26

*Revenue based on applicant's estimated construction for the five units completed by October 2017

Proposed TID Project Costs

Property Acquisition	\$60,000
Appraisal	\$2,000
Financing Interest	\$25,400
Total TID Project Costs	\$87,400

Identified Funding Sources: Funding will be financed by a local financial institution

Anticipated Time Frame: 9.5 years

Comments: Amortization schedule identifies payoff of land acquisition cost and the required estimated appraisal cost for the land, with an anticipated 6% interest rate. If appraisal cost is less, the payoff date would most likely occur sooner.

On March 1, 2017, the applicant requested an item be placed on the appropriate agenda requesting Council's authorization to include the property acquisition within the TIF application. The City Council will consider the request at its April 3, 2017 meeting.