



# MEMORANDUM

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TO: Community and Economic Development Committee (CEDC)

FROM: Karen Harkness, Director of Community & Economic Development

DATE: September 28, 2022

RE: Request Approval of the First Amendment to the Development Agreement between the City of Appleton and MF Housing Partners, LLC in TIF #11

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The Appleton City Council approved a Development Agreement (DA) with MF Housing Partners, LLC (Developer) in November 2021. Attached is the first amendment to this DA. These amendments are in response to the changing environments of interest rates and construction costs rising, supply chain challenges, and labor shortages.

MF Housing Partners, LLC was awarded WHEDA tax credits for this project earlier this year. The Developer has added 5 units to the design for a total of 48 units. The project would be on the following parcels, all zoned CBD Central Business District: 31-2-0441-00, 31-2-0443-00, 31-2-0437-00, and 31-2-0529-00. Forty-three (43) of the forty-eight (48) units will be available to low-income persons with the rents restricted for an estimated thirty (30) years.

This building will also include a community service facility and lobby.

The Developer plans to break ground in Spring 2023, complete the project Spring 2024, and the project would be fully assessed, 1/1/2025.

The Developer estimates the project will create up to an additional \$3,059,600 in incremental value.

The cost to develop the project is stated at \$13.4 million. The Developer and Assessor estimate the assessed value of the project once completed to be approximately \$3.9 million. Developer requests a Pay-As-You-Go TIF support at 20% (\$649,000). Based on the analysis of current value of the property, projected value of the property, and review of proposed expenses, TIF District #11 would invest the lesser of twenty percent (20%) or \$649,000 of the Tax Increment Value as of January 1, 2025, plus interest thereon to support the construction work for MF Housing Partners, LLC. The interest rate on the contribution shall be the lesser of 1) the interest rate paid by the Developer to the primary lender for the Project, as evidenced by the note indicating the loan amount; or, 2) 5.75%.

## **Staff Recommendation:**

The First Amendment to the Development Agreement between the City of Appleton and MF Housing Partners, LLC **BE APPROVED**.