



MEMORANDUM

TO: Community and Economic Development Committee (CEDC)

FROM: Matt Rehbein, Economic Development Specialist

DATE: May 10, 2023

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

The Appleton City Council approved a Development Agreement (DA) with MF Housing Partners, LLC (Developer) in November 2021. A first amendment was approved in October 2022 to accommodate changing environments of interest rates, construction costs rising, supply chain challenges, and labor shortages. Attached is the second amendment to this DA. This amendment is in response to a change in the plan to construct townhomes on the parcel immediately north of Franklin Street. This amendment also provides for an assignment from MF Housing Partners, LLC to an affiliated entity, Rise Apartments, LLC (per separate document).

MF Housing Partners, LLC was awarded WHEDA tax credits for this project. Forty-eight (48) units are proposed, with forty-three (43) of the units available to low-income persons with the rents restricted for an estimated thirty (30) years. The first amendment provided for all forty-eight (48) units to be built on the southernmost parcel. Developer now plans to build a 40-unit multi-family building on the southernmost parcel and eight (8) townhomes on the middle parcel, with parking on the northern parcel. This requires adding the middle parcels to the Development Agreement to allow for capture of tax increment.

The Developer plans to break ground this spring, complete the project in spring of 2024, and the project would be fully assessed as of January 1, 2025.

The Developer estimates the project will create up to an additional \$3,572,000 in incremental value.

The Developer and Assessor estimate the assessed value of the project once completed will remain at approximately \$3.9 million, the same as anticipated at the time of the first amendment. Since value is estimated to hold constant, no change to the \$649,000 Pay-As-You-Go TIF support is requested.

Staff Recommendation:

The Second Amendment to the Development Agreement between the City of Appleton and Rise Apartments, LLC **BE APPROVED**.