

STAFF REPORT

May 8, 2003

No. 03TI006 - Tax Increment Financing District - Project Plan

ITEM 44

GENERAL INFORMATION:

PETITIONER	Gandolf Group, LLC
REQUEST	No. 03TI006 - Tax Increment Financing District - Project Plan
EXISTING LEGAL DESCRIPTION	Lot 2, Superpumper Addition, Section 7, T1N, R8E, BHM, Rapid City, Pennington County, South Dakota; and the N1/2 N1/2 E1/2 SE1/4 SE1/4 less the east 90 feet, Seciton 7, T1N, R8E, BHM, Rapid City Pennington County, South Dakota
PARCEL ACREAGE	Approximately 27.41 acres
LOCATION	West of South Highway 79 and north of East Fairmont Boulevard
EXISTING ZONING	Medium Density Residential District/General Commercial District
SURROUNDING ZONING	
North:	Medium Density Residential District/General Commercial District
South:	Light Industrial District
East:	Heavy Industrial District
West:	Medium Density Residential District/Park Forest
PUBLIC UTILITIES	To be extended
DATE OF APPLICATION	04/03/2003
REPORT BY	Karen Bulman

RECOMMENDATION: The Tax Increment Financing Committee recommends that the Project Plan for the South Creek Village Tax Increment District be approved.

GENERAL COMMENTS: The applicant has requested the creation of a Tax Increment District to facilitate the development of low income housing located in an area west of SD Highway 79 and north of East Fairmont Boulevard. The proposed project costs will include the following public improvements: E. Oakland Street improvements, sidewalks and storm drainage along E. Oakland Street and the extension of sewer and water to the site. The estimated cost of the improvements is \$660,000. This Tax Increment Plan will allow the residential area to develop by assisting with infrastructure costs. This additional residential development will increase the community's economic vitality while expanding the City's property tax base and more particularly providing expanded housing opportunities for low

STAFF REPORT

May 8, 2003

No. 03TI006 - Tax Increment Financing District - Project Plan

ITEM 44

and moderate income residents.

The proposed district boundaries incorporate the applicant's property and the adjacent property to the north. The area is located west of SD Highway 79 and north of E. Fairmont Street.

The applicant plans to obtain private financing for this Tax Increment District.

The proposed district may run for twenty years; however, it is anticipated that the project costs will be paid off in 13 years. The anticipated increment at build out associated with the project is \$2,246,040. The applicant plans to obtain private financing for this Tax Increment District.

COMMITTEE REVIEW: Pursuant to the adopted Tax Increment Policy, the Tax Increment Financing Review Committee found that the proposed project complied with all applicable statutory requirements as well as the City's adopted Tax Increment Policy. In addition to the mandatory criteria, the proposal met the following two optional criteria:

- Criteria #1: The project must demonstrate that it is not economically feasible without the use of Tax Increment Financing.
- Criteria #6: The project will result in the construction of affordable housing units.

Additionally, the following discretionary criteria are met:

- Criteria #2: All Tax Increment Fund proceeds are used for the construction of public improvements.
- Criteria #5: The building or site that is to be redeveloped itself displays conditions of blight as established by the provisions of SDCL 11-9.
- Criteria #9: The project costs are limited to those specific costs associated with a site that exceed the typical or average construction costs, specifically the extension of sewer or water mains and the E. Oakland Street improvements, which includes sidewalks and storm drainage.

Copies of the adopted Tax Increment Financing Policy are attached for your reference.

The Tax Increment Financing Project Review Committee recommends approval of the attached resolution approving the Project Plan for the South Creek Tax Increment District.