City of Carroll

112 E. 5th Street Carroll, Iowa 51401-2799 (712) 792-1000 FAX: (712) 792-0139

MEMO TO: Honorable Mayor and City Council Members

FROM: Mike Pogge-Weaver, City Manager MPW

DATE: August 23, 2018

SUBJECT: Discussion: Lincoln Highway Suites (Former Morrison Apartments) tax abatement request

Chad Kanne, Matt Wendl, and Adam Schweers are in the process of redeveloping Morrison Apartments to be called Lincoln Highway Suites. As part of the redevelopment, the project calls for renovations to the exterior façade and the interior spaces. This includes, but not limited to, new appliances, new roof, new windows, new doors, and refaced/repaint the exterior facade.

Today there are 20 apartment units in the building. The proposal would be for market rate rents ranging from $450 per month for a studio unit to $600 per month for a 2-bedroom apartment.

Requested Incentives

The developer is requesting that the City establish an urban revitalization district in order to offer tax abatement for the project. Specifically, the developer is requesting the City provide a 10-year 100% abatement on the increased value of the renovated building.

Tax abatement provides a temporary reduction in property taxes over a specified period of time on the portion of assessed value added by new construction, or improvements to an existing structure. In an Urban Revitalization District, a City can provide a tax abatement related to multi-residential improvements of up to 100% of the value added by qualified improvements for up to 10 years. The City would identify the specific property, which must include a minimum of two parcels, that would be part of the Urban Revitalization District.

Considerations

This will be the City's first Urban Revitalization District and there will be a number of items that will need to be considered before approving such a district. The two main items that the Council should consider are:

1. What level of incentive, if any, would the Council like to provide for this type of development.
2. What parcels should be included in a potential Urban Revitalization District. A minimum of two parcels must be include in the district. The Council may include other areas that could potentially use this incentive. Some examples include other similarly situated underutilized multi-residential properties and multi-story commercial buildings where the upper floors are underutilized and could be converted into a residential use.

As the plan is developed there will be additional items that staff may need guidance from the Council but these two items will provide a good start in the development of an Urban Revitalization Plan. The Council should also be aware that it will cost the City between $5,000 to $10,000 to cover legal fees, legal notices, and associated postage costs in order to create an Urban Revitalization District.

RECOMMENDATION: Mayor and City Council discuss the requested incentive and provide direction to staff on how to proceed.

From: Court Street LLC

To: City of Carroll

Re: Tax Abatement Request

Carroll Mayor, City Council and Manager Pogge-Weaver,

We are writing to respectfully request you consider our apartment redevelopment property at 117 East 6th Street for a 10 year tax abatement to assist us with building more stability into our plans to totally update the building over the next couple years.

The property formerly known as Morrison Apartments located to the East of Walgreens and West of the Museum on US Hwy 30 has been in despair and sorely managed for a number of years. The unit currently has only 9 of the 20 units occupied.

Our vision for the property is to replace all the windows/doors with commercial, reface and repaint the exterior of the building and then renovate and improve all the interior units and common spaces. This includes a new roof and appliances. We have included a rendering of what the exterior will look like looking at the West side from Walgreens and South Side from US 30.

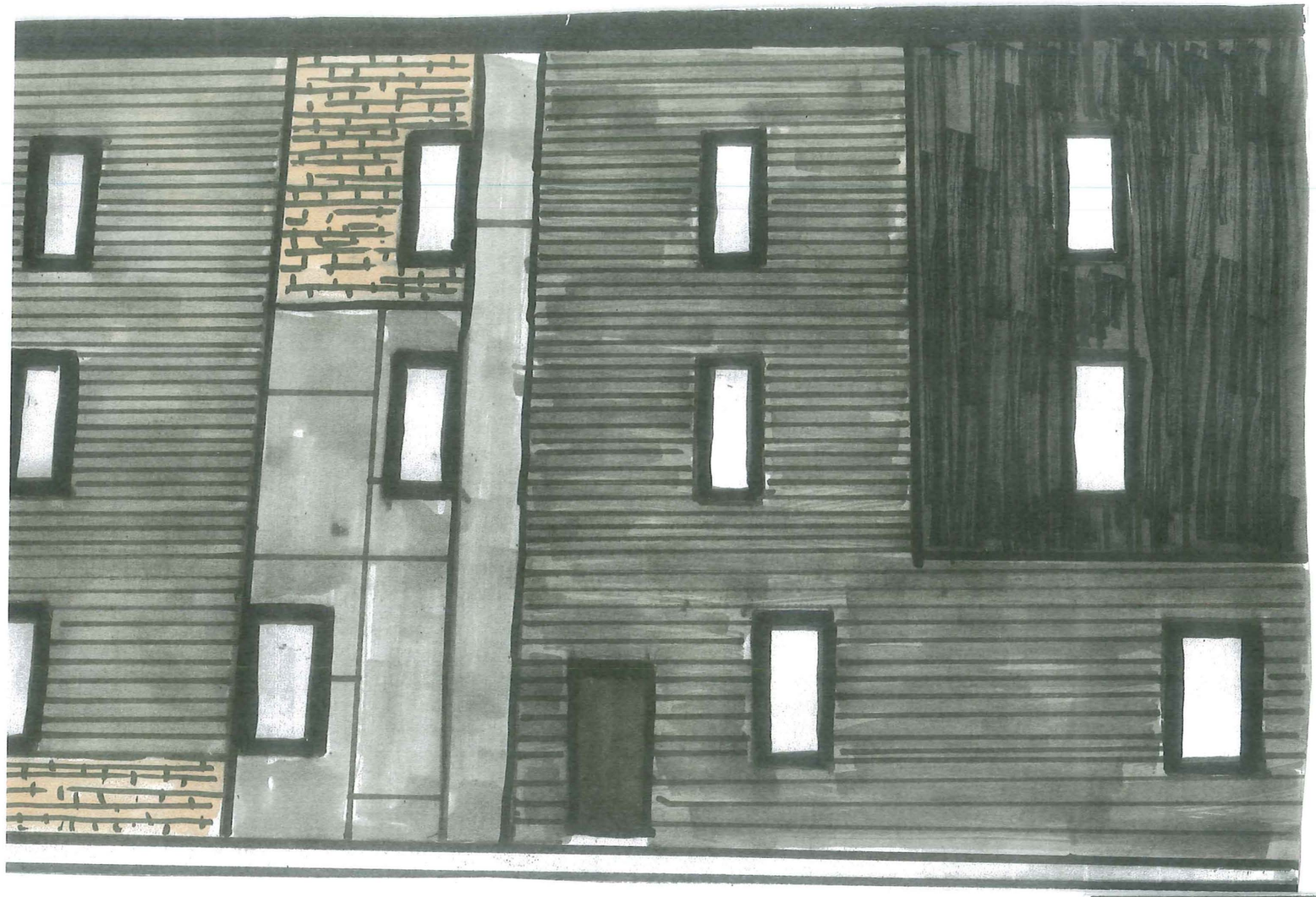
These units will remain market rent with rents ranging from $450 per month for a Studio to $600 per month for 2 bedroom which we believe will accommodate the wages of our regions workforce as well as those older folks looking to downsize. We have active local property management and maintenance in place as well.

We have built the current property tax cost into our business plan and hope to gain abatement on any of the improvements for 10 years in order to allow us to make all the renovations we would like to see in a more timely fashion. Doing so will more quickly improve the appearance of the building for the citizens of Carroll as well as help us renovate the units appropriately to get them back into the market.

We have done considerable renovations to Court Street Plaza at 514 N. Court Street and would be happy to walk anyone through that property as well. While it did not receive tax abatement it does provide you an accurate vision of what we see possible at this new property.

Thank you again for your consideration,

Chad Kanne, Matt Wendl & Adam Schweers



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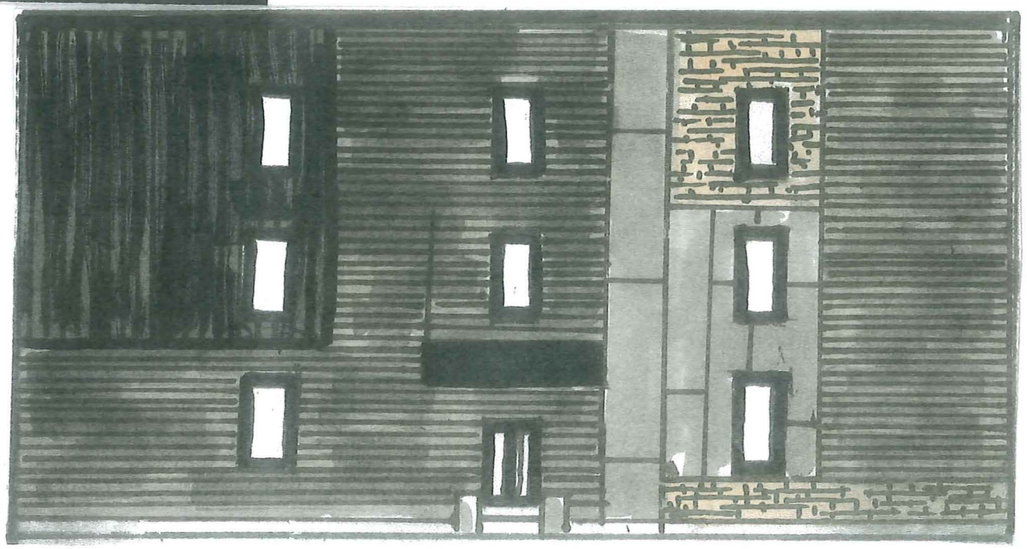
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- EFFIS — WICKERTONE
- BRICK — DESERT TONE