



MEMORANDUM

TO: MRA Board

FROM: Annette Marchesseault, RLA *ARM*
Project Manager/Redevelopment Specialist

DATE: July 18, 2022

SUBJECT: 1300-1310 Otis Street (formerly 1600 Otis Street) – Otis Street Apartments
(North Reserve-Scott Street URD / City Council Ward 1 / Northside
Neighborhood) – Request for Additional TIF Funding

Background

At its August 19, 2021 meeting, the MRA Board approved a TIF request from Otis LLC in an amount up to \$315,100 for demolition/deconstruction, curb/gutter/street/sidewalk construction, water and sewer main extensions, and landscaping within the public right-of-way. Otis LLC is proposing to build two multi-family residential buildings that will include a total of 39 units. The new development will be named Otis Street Apartments.

Request for Additional Tax Increment Assistance

The applicant sought TIF funding last August prior to submitting the project for City permit review. Per the permit review process, the applicant was required to install sanitary sewer lift station, which was not anticipated last August. Additionally, construction prices and financing costs have increased. The applicant is seeking \$275,461.43 in additional TIF funds to cover the cost increases.

Item	Estimated Cost Initial TIF Request 8/19/2021	Estimated Cost Now 7/21/2022	Difference / Additional TIF Request
Building Removal/Site Clearing	\$36,600	\$36,600	\$0.00
Street & Sidewalk	\$160,000	\$343,584	\$183,584.00
Sanitary Sewer Main Extension	\$23,500	\$37,629.23	\$14,129.23
Water Main Extension	\$60,000	\$82,748.20	\$22,748.20
Lift Station Pumps	--	\$16,000	\$16,000.00
Install Lift Station Pumps	--	\$19,000	\$19,000.00
Landscaping & Street Trees in R/W	\$10,000	\$30,000	\$20,000.00
Engineering Fees for Public Inf.	\$25,000	\$25,000	\$0.00
TOTAL	\$315,100	\$590,562	\$275,461.43

MRA's TIF Program description clearly states that applicants must be thorough and complete in their estimates prior to submitting a TIF application, and staff consistently advises applicants that the Board has a long-standing policy of not compensating cost overruns after TIF assistance has been approved.

RECOMMENDATION: Based on the long-standing practice of the MRA relative to additional funding requests, staff does not recommend that the MRA Board approve the request from Otis LLC for additional TIF funding for the Otis Street Apartments project.