

## LRB-FISCAL REVIEW SECTION ANALYSIS

APRIL 13, 2004 AGENDA

ZONING & NEIGHBORHOOD DEVELOPMENT COMMITTEE

ITEM 1, FILE 031665

EMMA J. STAMPS

File #031665 is a resolution approving a Project Plan and creating Tax Incremental District No. 55 (Holt Plaza) in the 14<sup>th</sup> Aldermanic District. (DCD)

### **Background**

1. File 031665 approves the Project Plan and creation of TID No. 55, Holt Plaza.
2. The project is situated between South 3<sup>rd</sup> Street and South Chase Avenue, just north of West Holt Avenue in the 14<sup>th</sup> Aldermanic District.
3. Currently, a Pick N' Save grocery store operates on the parcel. The store lease expires in 2007.
4. Vacant office and warehouse space, traffic patterns, and the existing building layout make it difficult to attract new outlet and commercial tenants to the property. Nearby major retailers, K-Mart and Sears closed neighboring South Chase Avenue stores within the last year.
5. The Department of City Development is working with property owner and developer, Mifflin Care Center, Inc., to build a shopping center anchored by Home Depot, a newly built Pick N' Save, and retail outlets on the parcel for an estimated \$16,881,000. TID No. 55 will create up to 150 construction and 350 retail jobs.
6. This figure does not cover unanticipated improvements such as vacation of existing public rights-of-way, site clearance, environmental remediation, and reimbursement of owners of abutting property for costs directly related to the project.
7. The land is not free-and-clear; Mifflin has an outstanding first mortgage debt of \$5,604,000 with a prepayment penalty stipulation. The original mortgage for \$6,400,000 at 7.40% interest matures 6/1/2019.
8. A city contribution is needed to pay the estimated \$1,665,000 prepayment penalty against the first mortgage and \$492,000 city capitalized interest and administrative costs.
9. No term sheet is on file.
10. The Project Plan provides that the city will reimburse the developer up to \$2,000,000 and \$140,000 in administrative and other costs (approximately \$2,140,000). The TID is expected to retire in 2021 but could run until 2026.

### **Fiscal Impact**

The fiscal impact is contingent upon the future committee action. DCD and the developer continue to seek an acceptable financing commitment that would not require taxpayers to pay the \$1,665,000 primary mortgage prepayment penalty.

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