

123 N 28TH ST REDEVELOPMENT



DOWNTOWN URBAN RENEWAL ASSISTANCE APPLICATION FOR TIF FUNDING

October 22nd, 2019

Mitchell and Tracy Partnership



DOWNTOWN URBAN RENEWAL ASSISTANCE

APPLICATION FORM FOR GRANTS AND REVOLVING LOAN FUND LOANS

VALID THROUGH 6/30/2018

BUSINESS CONTACT INFORMATION

Contact Name	Ali and David Mitchell	Date business commenced:	
Title	Principal	Number of Employees:	
Company name		<input type="checkbox"/> Sole proprietorship	
Phone/#		<input type="checkbox"/> Partnership	
E-mail		<input type="checkbox"/> Corporation	
Company mailing address City, State ZIP Code		<input checked="" type="checkbox"/> Other EIN or Soc. S # _____	

CHECK THE MAP ON THE LINKS PAGE (4) BEFORE CONTINUING

Check all that apply: I am a property owner inside the District I own and operate a business within the District
 I plan to purchase property in District I plan to move a business into the District

If your proposed project has a different physical address than the mailing address, please fill in the street address, below:

Street Address: 123 N 28th Street, 59101

Check all that apply: I am interested in a **low rate loan** I am interested in a **reimbursement grant (RG)**

What is the total cost of the project, including property acquisition, if applicable? ¹

How much are you wanting to borrow from the Loan Fund (RLF)? ²

A Minimum of 20% Equity investment is required and all loans are capped at 20% or less of the total cost (box 1) up to \$250,000

How much do you need to make the project "pencil out" (RG and/or RLF)? ³

Briefly describe your proposed project:

Mitchell and Tracy are under contract to purchase the historic Lou Taubert building, a key property within the downtown. The property has been vacant for the last 18 months. Mitchell and Tracy plan to renovate the building into a first-class property. Improvements will include an updated facade, updated fire system, roof repairs, and window replacement. The main floor will be divided into three suites to encourage new business growth to downtown.

See attached documentation for additional detail.

BACKGROUND AND SUMMARY

Mitchell and Tracy Partnership is in the process of purchasing 123 N Broadway, the former location of Lou Taubert Western Wear. This building is in the very heart of the downtown Historic District, under Skypoint. The building has a main level of 6,954 square feet, a second level office space (with a separate entrance) of 1,400 square feet, and a 7,000 square foot basement. The building was built in 1900 and has undergone many transitions. Red Cross Drug Store opened in 1933 and served the community until 1940, at which point Newberry JJ Company Department store opened its doors. This building has also housed a women and children's department store, a CPA's office, and the beloved Lou Taubert store. Lou Taubert was a downtown Billings staple for 38 years providing high-quality western wear to our community. As the city evolves, this location will be a key corner, with numerous possibilities that can enhance the downtown area.



ABOUT MITCHELL & TRACY PARTNERSHIP

Mitchell and Tracy are ambitious entrepreneurs with the plan of investing in Billings real estate for long term growth and improvement. David Mitchell is a leading commercial real estate broker at Coldwell Commercial, working with large developers and national tenants. Working alongside David is his wife Ali Mitchell, who manages their current properties and comes from a family of commercial real estate investors and developers. Their portfolio includes ownership in 4 commercial properties in Billings. Dr. Kyle Tracy is an oral surgeon at Billings Oral Surgery. His wife, Amanda, and he are passionate about investing in Billings' real estate. Downtown is an area where the Tracy's want to see revitalized and they want to be a part of it.

PROJECT DESCRIPTION

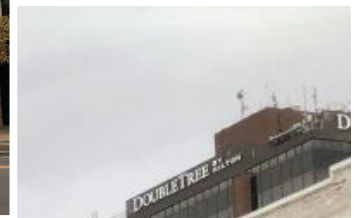
The project at 123 North 28th street is a featured corner under Skypoint. The property has been vacant for over 12 months, with the need to be revitalized. With the change of ownership, we will bring back life to this iconic 1900's building. Our objective is 3-fold.

- Improve the overall façade of the building including new signage
- Increase foot traffic with street-level retail or dining
- Create a safer environment

We will achieve our objectives by securing a key retail or restaurant anchor tenant to occupy the corner unit. We will separate the 7,000 square foot street-level space into three smaller spaces. We need to provide fire protection with the installation of sprinklers on the main level and ADD accessible bathrooms

If we secure a restaurant tenant, there will be an additional cost to change the usage of the space from its current retail usage to a restaurant.

The exterior will receive a new inviting façade to enhance the original brick and architecture. We will install new energy-efficient windows, including the addition of larger windows on 2nd avenue to improve exposure. The awnings will be removed and updated, and the installation of new signage to increase tenant visibility. New lighting and cameras will be added to help with crime prevention. The main entrance at the corner of 28th and 2nd avenue will be updated to enhance the new feature "Thicket" sculpture including the energy-efficient door.



Updated Exterior Potential



Main Floor Patio, Second Floor Balcony and Rooftop Patio



Updated Exterior, Added Vegetation



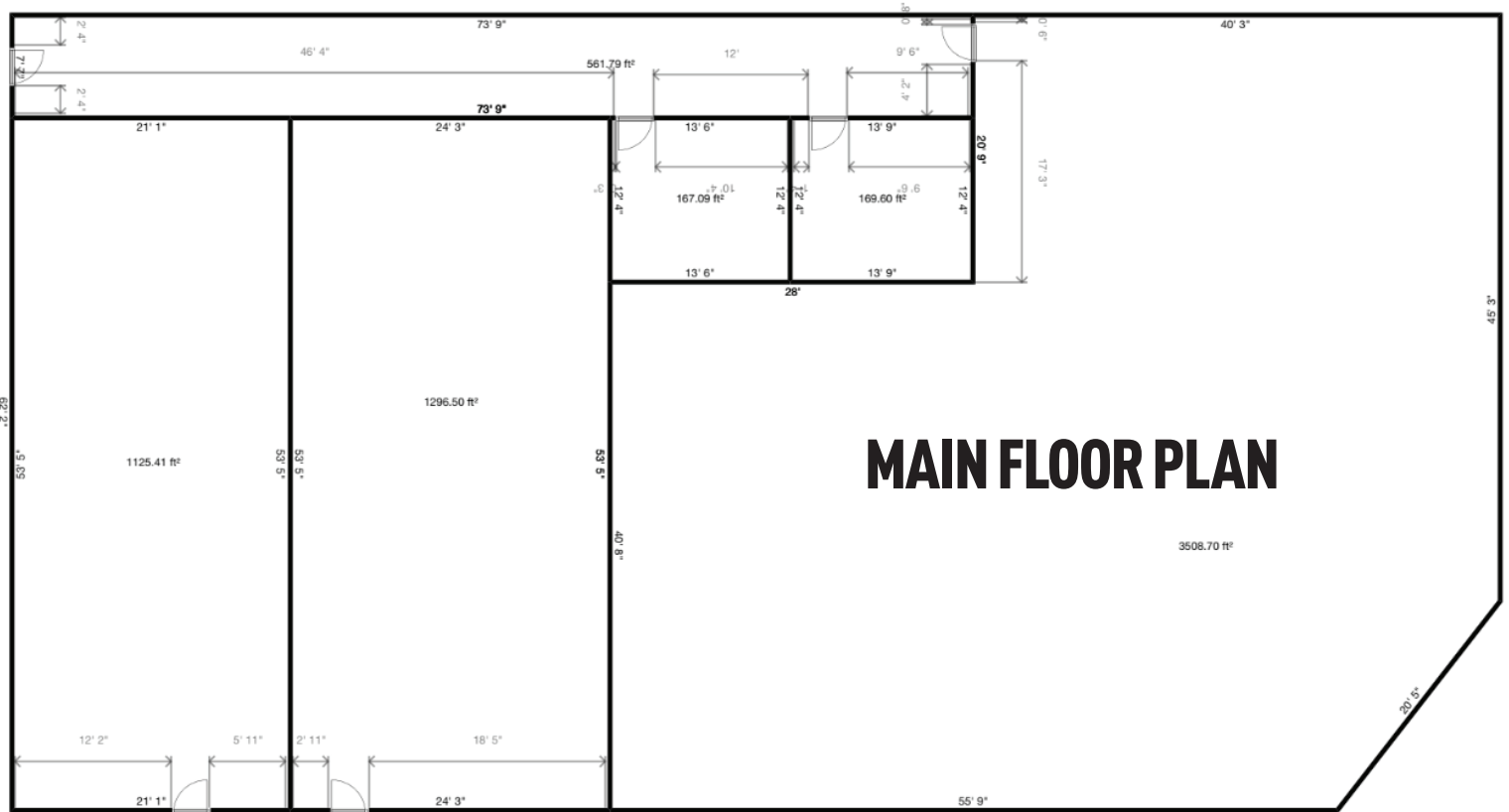
Updated Exterior, Added Vegetation



Updated Exterior, Added Vegetation



Updated Exterior, Added Vegetation



BUSINESS ACTIVITY

Not only will the new tenants bring life to a vacant building, but it also encourages further improvements and development of the area. It also will bring many visitors to the downtown adding to the goal of the DBA, “transformation of downtown to become a 24-hour vibrant nucleus of connected culture, business, entertainment, and downtown living”. As human activity increases, it will create more safety and demand for housing.

Tenants in lease discussion include national and local restaurants, furniture stores, professional offices, and retailers.

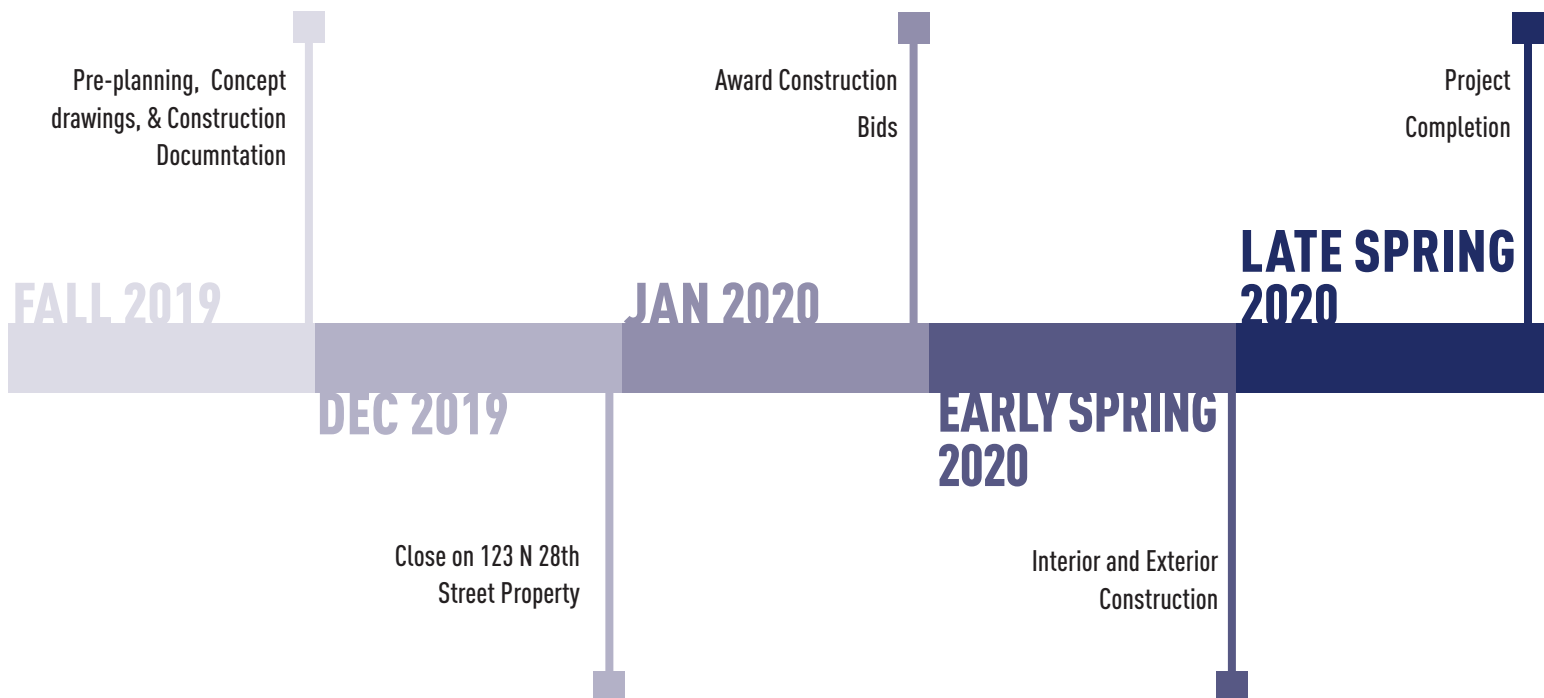
QUALIFIED USES

- Defective and noncompliance with the current building fire codes
- Vacant and unused property improvements with the aim of occupancy
- Enhancement of infrastructure, public or private that improve the pedestrian experience
 - o Building and business signage
 - o Façade stabilization and improvement
 - o Landscaping
 - o Sidewalks
- Improvements that lead to stabilized and increased the taxable valuation
- Increased crime prevention and public safety
- Increased Energy Efficiencies
 - o Exterior windows, doors
 - o HVAC upgrades

TIF ASSISTANCE

ITEM	TIF QUALIFIED USE	TOTAL
Exterior Facade	Enhancement of infrastructure. Façade stabilization and improvement.	\$378,755
Exterior building Lighting	Increased crime prevention and public safety and façade improvement.	\$49,000
Exterior building signage	Enhancement of infrastructure. Building and business signage	\$50,000
Roof Repairs	Deterioration of roof	\$39,200
Energy Efficient Windows & Doors	Increased Energy Efficiencies. Exterior windows & doors	\$74,400
Sidewalks	Enhancement of infrastructure and pedestrian experience	\$29,500
Fire Protection	Not compliant with current building and fired codes	\$41,000
Restrooms open to public	Defective and non-compliant with current building code	\$109,500
HVAC upgrades	HVAC upgrades	\$68,000
Building two walls to divide the vacant space into three rentable spaces.	Vacant and unused property improvements with the aim of occupancy. Improvements lead to increased taxable valuation	\$144,500
	TOTAL	\$983,855
	TIF ASSISTANCE REQUESTED	\$196,771

TIMELINE



Meeting Date: Friday, January 24, 2020, 7:30 am

Location: GW Building, 2722 3rd Ave N

RE: Lou Taubert Building TIFD Assistance

Proposal:

Mitchell & Tracy Partnership is under contract to purchase the former Lou Taubert location at 123 N Broadway. The property has been vacant for over 12 months. Mitchell & Tracy plan to renovate the building into a first-class property. Improvements will be directed towards overall facade of the building including new signage, increasing foot traffic with street-level retail or dining, and creating a safer environment. The main floor will be divided into three suites to encourage new business growth downtown. Mitchell & Tracy are requesting TIFD assistance in the amount of \$196,771 dollars. This TIFD assistance request shall be used towards providing fire protection and the installation of sprinklers as well as adding accessible bathrooms. The exterior will receive a new inviting facade to enhance the original brick and architecture. New energy efficient and larger windows will be installed and added especially on the side parallel to 2nd Ave N. Awnings will be removed and updated, and new signage will be installed to increase tenant visibility. New lighting and security systems will be added to help with crime prevention.

Filling vacancies with tenants will not only bring life to activate a vital corner but it also encourages further development and improvement of the area. It will bring visitors downtown, which aligns with the DBA's goals. Additionally, it will create more safety and demand for housing.

If approved, the TIFD funds will be subject to available Fund 203 cash and will be applied to qualified expenditures such as rectifying defective and noncompliance with building fire codes, enhancement of infrastructure (business and building signage, facade stabilization and improvements, and sidewalk landscaping to improve the pedestrian experience), increased crime prevention and public safety, increased energy efficiency (exterior windows, doors, and interior HVAC), and increased taxable valuation.

Financials

If approved, reimbursement funds are available for reimbursement in FY21 at best or FY22 in the worst-case scenario based on completion of improvements.

DBP staff and Development Committee recommend approval of this project by the Board of Directors with the following contingencies:

1. Fund 203 will encumber up to \$196,771.00 to be disbursed in FY21.
2. DBP and Mitchell and Tracy must sign a development agreement or award letter within 60 days of Council approval.
3. This TIFD reimbursement is the maximum that can be received pending satisfactory submission of all paid invoices showing the completion of expenditures related to this project.
4. If the project is not completed by June 30, 2020 or funds are not available, reimbursement will be carried into FY22.