

## **DBP Recommendation**

*RE: 2316 1st Ave N Apartments TIFD Assistance*

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### **Background:**

Griffin Development submitted an application by September 30, 2021 requesting TIF assistance to bring forward a brand new development of a five-story 36-residential units building located at 2316 1st Ave N. The Downtown Billings Partnership Board recommended this project on November 19, 2021 and then the City of Billings Council approved the request on February 14, 2022. Since then, a development agreement has been executed and construction commenced. The award amount is \$1,693,050 and it would be reimbursed in five installments starting in fiscal year 2025 assuming the project is completed in fiscal year 2024. The total project was estimated to be \$11,045,846 so the award size is equivalent to a 7:1 match private to public.

### **Proposal:**

Due to rising costs of construction and interest rates, Griffin Development is seeking a request to increase the award but maintain the 7:1 matching basis. Now that the project has been bid and begun, it is expected to cost \$15,382,121. The request is to increase the original award from \$1,693,050 to 2,307,318. DBP recommends approval but to disburse six installments over six years instead of the original disbursements over five years. The following table reflects what was approved by Council versus the addition being requested:

Eligible expenses/categories	City approved 2/14/2022	Eligibility		Status	New added request
		MCA 7- 15-4233	MCA 7- 15-4288		
Site demo/prep + asbestos cleanup + utility soil removal	\$382,173		\$382,173	Complete	\$0
System development fee	\$18,862	\$18,862		Complete	\$0
Utilities (electrical, sewer, plumbing, gas)	\$435,914		\$435,914	Some have begun	\$168,186
Fire suppression/systems	\$289,058		\$289,058	Has not begun	\$180,237
Concrete/public sidewalks, drives, front patio area	\$66,000		\$66,000	Has not begun	\$27,250
Alley improvements	\$82,000		\$82,000	Has not begun	\$40,025
ADA Compliance	\$65,835		\$65,835	Has not begun	\$9,665
Glass & metal siding (ground level)	\$218,555		\$218,555	Has not begun	\$128,394
Landscaping	\$28,000		\$28,000	Has not begun	\$14,125
Lighting, doors, windows (ground level)	\$106,653		\$106,653	Has not begun	\$46,386
Total	\$1,693,050	\$18,862	\$1,674,188		\$614,268

Current taxable value	\$388,700
Estimated increase in taxable value (80% of project cost)	\$ 12,305,697
Commercial/residential tax rate (1.65%)	\$ 203,044
Annual tax increment (69 mills)	\$140,100
ROI	16 years

## **Financials:**

Reimbursements are available starting in FY25 assuming the project is completed in FY24 as currently projected.

Approval of this project assumes the following contingencies:

- 1. An addendum added to the development agreement modifying the award amount or a new development agreement is executed.**
- 2. 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.**
- 3. If funds are not available, reimbursement can be carried over to the next fiscal year.**

City Council has final authority in approval, disapproval, or modification then approval of DBP recommendation.

