



TO: Mayor Chuck Barney
Members of the City Council

FROM: John R. Zakian, DR Grant Program Manager & Chief Resilience Officer

DATE: April 23, 2018

SUBJECT: **Approval of Renaissance Zone Application from Aksal Group**

I. RECOMMENDED ACTION

Approval of Renaissance Zone Application for tax benefits from Aksal Group for \$3.1 million capital investment in #3 and #7 1st Street Southeast

II. DEPARTMENT CONTACT PERSONS

John R. Zakian, DR Grant Program Manager & Chief Resilience Officer, 423-4528

III. DESCRIPTION

A. Background

The Aksal Group submitted a Renaissance Zone Application for a \$3.1 million capital improvement project for two buildings it has acquired. The two buildings have been substantially vacant and not contributing to activity in the downtown for a considerable period of time. The investment in the two buildings envisions multiple new uses which will generate jobs, additional activity in the downtown business district and additional tax revenue. The City Assessor (report attached) reviewed the application and detailed the potential property tax impact for the project meeting the standards of criteria set forth in the city's Renaissance Zone Plan.

B. Proposed Project

The project envisions the entire investment of \$3.1 million involved in interior and exterior capital improvement which exceeds the criteria minimum threshold. Applicant seeks the full property tax benefit from the city for five years, the income tax benefit from the state, and historic tax credits. As noted in the attached memo to the Renaissance Zone Board, the application meets all required criteria, is consistent with the goals and intent of the Renaissance Zone, and offers distinct potential opportunity for leveraging additional investment in the area. Staff recommends approval as did a formal vote of the Renaissance Zone Board at its meeting on April 26, 2018.

IV. IMPACT:

A. Strategic Impact:

Investment will restore exterior of two buildings with historic qualities and restore the interior to provide space for multiple uses generating jobs, additional foot traffic in the downtown and additional tax revenue.

B. Service/Delivery Impact:

Project will enhance this core area of the downtown and create the ability of the city to pursue leverage investment in the surrounding area.

C. Fiscal Impact:

Based on City Assessor projections, upon completion of five-year abatement, it will generate \$27,500 in new property tax revenue plus depending on uses once building is completed has the potential for generating net new sales tax since the properties currently do not generate sales tax.

V. ALTERNATIVES

N/A

VI. TIME CONSTRAINTS

Aksal Group is prepared to move forward and has requested the approval process move as quickly as possible to allow them to undertake construction activity during the current season.

VII. LIST OF ATTACHMENTS

- i. Aksal Group Application
- ii. Staff Memo to Renaissance Zone Board
- iii. City Assessor Memo