



# Board of County Commissioners Agenda Request



**Requested Meeting Date:** July 25, 2023

**Title of Item:** INH Property tax abatement-schedule public hearing

<input checked="" type="checkbox"/> REGULAR AGENDA <input type="checkbox"/> CONSENT AGENDA <input type="checkbox"/> INFORMATION ONLY	<b>Action Requested:</b> <input checked="" type="checkbox"/> Approve/Deny Motion <input type="checkbox"/> Adopt Resolution (attach draft) <i>*provide copy of hearing notice that was published</i>	<input type="checkbox"/> Direction Requested <input type="checkbox"/> Discussion Item <input type="checkbox"/> Hold Public Hearing*
<b>Submitted by:</b> Mark Jeffers		<b>Department:</b> Administration
<b>Presenter (Name and Title):</b> Mark Jeffers, Economic Development Coordinator		<b>Estimated Time Needed:</b> 10 minutes
<b>Summary of Issue:</b> <p>The Economic Development Committee has received and reviewed an application for tax abatement for INH Properties. INH is proposing to develop two properties on Bunker Hill Drive. INH proposes to develop a 51 unit 55+ senior living project and a 44 unit multi family housing project.</p> <p>The tax abatement request is included in this agenda request. It is a 20 year abatement request.</p> <p>The City of Aitkin has scheduled a public hearing for August 7, 6:15 PM.</p>		
<b>Alternatives, Options, Effects on Others/Comments:</b>		
<b>Recommended Action/Motion:</b> Schedule public hearing to review the tax abatement request. Suggested public hearing date and time: August 8,2023, 9:30am.		
<b>Financial Impact:</b> Is there a cost associated with this request? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No What is the total cost, with tax and shipping? \$ Is this budgeted? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>Please Explain:</i>		

Legally binding agreements must have County Attorney approval prior to submission.

**APPLICATION FOR TAX ABATEMENT FINANCING  
AITKIN COUNTY, MINNESOTA**

**APPLICANT**

Business Name: INH Properties / Bunker Hills Apt, LLC  
Address: 175 7<sup>th</sup> Ave S, Waite Park, MN 56387  
Telephone: (320) 252-2000

Officers: Michael Stoebe, President  
James E Illies, Vice President  
Ryan Nothnagel, Treasurer

Contact Person: James E. Illies  
Title: Vice President

Business Form (Corporation, Partnership, Etc.): Corporation

Start-Up or Expansion: NA  
Years in Operation: 42  
Sales/Revenues (\$): NA

Brief Description of Business, Principle Products, Etc.:

INH is a full-service commercial real estate firm, specializing in apartment development and management. Founded in 1981, INH serves 7,000 units in MN, and presently operates property in the Cities of Aitkin and Brainerd. INH would form a special purpose LLC entity for the development and ownership of this project. INH would manage the project in perpetuity – through development, lease-up, stabilization, and beyond.

INH Properties / Bunker Hills Apt, LLC is requesting the below for consideration regarding Tax Abatement Financing:

Phase 1 Senior 51 Unit:  
20 yrs  
\$459,000

Phase 2 General Occupancy 44 Unit:  
20 yrs  
\$333,000

\*\*\*\*\*

Has applicant ever filed for Bankruptcy? Yes \_\_\_\_\_ No X  
If Yes, provide details on separate page(s).

Has applicant ever defaulted on any bond or mortgage commitment?  
Yes \_\_\_\_\_ No X If Yes, provide details on separate page(s).

Does Applicant have commitments for conventional financing for the project?  
Yes X No \_\_\_\_\_

Please list three financing references: (Name/Address/Contact Person/Phone)

Bell Bank, Jason Pohlen (320) 759-8416  
Bremer Bank, Anthony Loosbrock (320) 762-4738  
Americana Bank, Jon Cira (612) 741-8354

Name/Address of applicant's legal counsel and accountant:  
Legal: Swenson Lervick, Mike Cass (320) 763-3141  
Acct: Bergen KDV, Scott Welle (320) 650-0235

### **PROPOSED PROJECT**

Location: Bunker Hills Drive  
PID #(s) for desired building site: 56-1-179300; 56-1-179500  
Site Plan Attached: Yes X No \_\_\_\_\_

Type of Project: Multi-family

Describe Project:

New Development (2 Phases Planned) with new construction Phase 1 being a 51-unit Senior apartment building. Under building parking and additional surface parking would be at a minimum of 1.5 stalls per unit. Amenities include in-unit washer/dryer, community room, fitness center, office, elevator and individually controlled heat/air conditioning in-unit. Phase 2 planning is similar but will be a 44-unit general occupancy apartment building.

### **JOB CREATION**

Current Number of Employees:	0
Current Payroll:	0
Number of Jobs Created:	3 Full Time, 2 Part Time
Number of Construction Jobs Created:	35
Wages, benefits for new jobs:	\$104,000

Number of Jobs Retained:	0
Revised Payroll:	0

## PROJECT COSTS

	PHASE 1 (51 Unit Senior)	PHASE 2 (44 Unit G/O)
Land acquisition	\$225,000	\$193,000
Construction Costs	\$9,857,051	\$6,594,885
Soft Costs	\$727,112	\$539,247
Financing/Tax/Insurance	\$317,000	\$253,000
Financing Sources	Equity: 35% \$3,926,662 Loan: 65% \$7,200,000	Equity: 35% \$2,680,132 Loan: 65% \$4,900,000

## CONSTRUCTION AND DESIGN

Name/Address of architect, engineer and contractor for project:

Preliminary Site concepts:

Cole Group Architects 216 Park Avenue South, St. Cloud MN 56301 (320) 654-6570

### Target Dates:

#### **Phase 1:**

Start of Construction: August 1<sup>st</sup>, 2023

Construction Completed: September 1<sup>st</sup>, 2024

#### **Phase 2:**

Start of Construction: August 1<sup>st</sup>, 2024

Construction Completed: September 1<sup>st</sup>, 2025

## STATEMENT OF PUBLIC PURPOSE

Describe why the proposed development/redevelopment would not reasonably be expected to occur solely through private investment within the foreseeable future, and therefore the use of Tax Abatement Financing is deemed necessary:

If not but for the utilization of Abatement and other subsidies, the development is not economically feasible and does not cash flow. Investors target 6-7% returns, banks require debt coverage ratios of minimum of 1.20, which is not currently projected given the assumptions. Market rents are based upon housing need studies and advanced for timing to open and have limitations to increase higher based upon market AMI.

### PLEASE ATTACH:

1. Site Plan Consistent with Submittal Requirements of the Building and Zoning Department.
2. Audited Financial Statements or Tax Returns from the Past Two Years.
3. Current Financial Statement
4. Business Plan to include Pro Forma Analysis
5. Other Information related to the Project

6. Application Fee
7. Other information as requested by Aitkin County
8. A public hearing is required by State of Minnesota Statutes before TAF can be approved.

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The County reserves the right to require additional information and supporting data from the applicant after the filing of this application. Portions of the information provided to Aitkin County may be subject to open meeting laws and therefore may be disclosed to the public. Please review the open meeting laws and disclosures with Aitkin County prior to submission.

The undersigned, (a) (the) James E Illies  
of applicant, hereby represents and warrants to the County of Aitkin that (he) (she) has carefully reviewed this application, and that the statements and information contained herein and submitted herewith are accurate and complete to the best of the undersigned's knowledge and belief.

Dated: 4/6/23

Banke Hills, LLC  
Applicant

By [Signature]  
Its Chief Manager