

March 14, 2023



Rehabilitation of Property at 309 E. Mills Ave. (De Soto)

Proposed First Amendment to a Chapter 380 Program Agreement
with 309 Mills, LLC

Goal 1. Cultivate an environment conducive to strong, sustainable economic development



309 E. Mills Avenue: Summary

Proposal is a strong example of the Communities of Excellence model at work:

- Through City, County and Downtown Management District participation, rehab of the building is possible
- Rehab generates around **\$1.9 million in net new revenue** to all taxing entities through incremental property and hotel occupancy tax revenue over the 15-year incentive period
- Establishes another hotel in the Downtown area that fills a gap in price points
- Enhances streetscape through ground floor restaurant space and sidewalk café
- Preserves a 100+ year-old building
- Small business assistance – aligns with 2022 Infill Policy



309 E. Mills Avenue: Existing Project Summary

Applicant: 309 MILLS, LLC

Subject Property: 309 E. Mills Ave. (De Soto Hotel)

Real Improvement Cost: \$1,200,000

Completion Date: December 2022

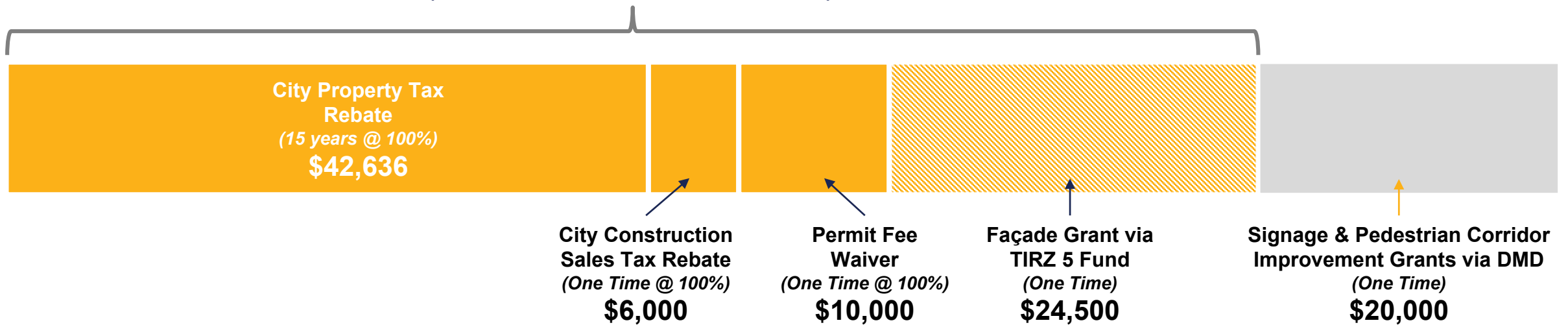
- Rehabilitate property, convert to **standard hotel** (34 rooms)
- Rehabilitate storefront, doors and windows
- Ability to accommodate ground floor restaurant
- Repaint interior and exterior
- Replace doors and signage
- Brace basement foundation
- Repair HVAC, plumbing, electrical
- Re-floor the whole building



309 E. Mills Avenue : Existing Incentive



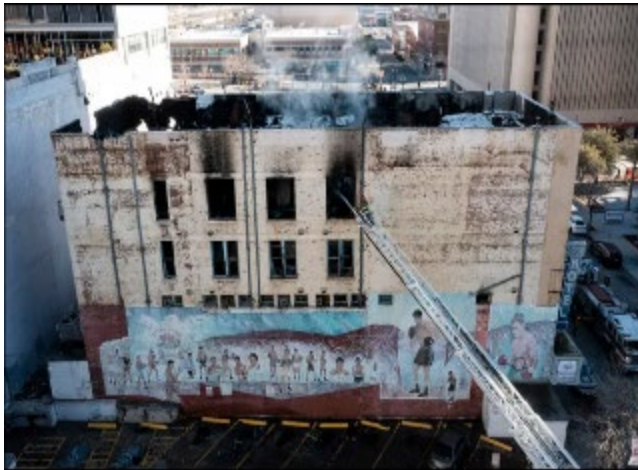
City Incentive* = \$83,136
(81% of Total Local Incentive)



**Total Local Incentive =
\$103,136**

*City Chapter 380 capped at \$58,636 (does not include Façade Grant which is executed via separate agreement with the Downtown Management District)

309 E. Mills Avenue: Current Conditions



Facing East



Facing North



Facing West

309 E. Mills Avenue: Proposed Amendment

Increase Minimum Investment to \$2,400,000

- Renovate property as originally proposed
- Address all fire damage

Other Property Owner Obligations:

- Hotel use required through agreement term
- Complete by February 2024
- Paint New Mural on west wall
- May not contest appraised value below \$1.2 million

City + County Obligations:

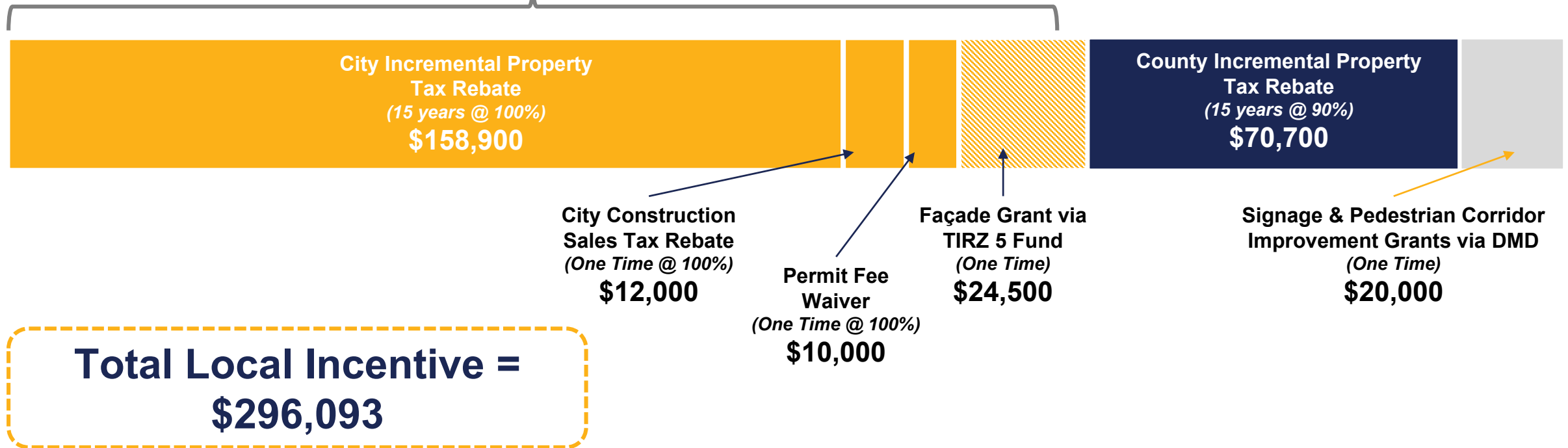
- Set base value at land value (or \$209k)
- **Incremental** property tax rebate over 15 years





309 E. Mills Avenue : Proposed Local Incentive

City Incentive* = \$205,400
(69% of Total Local Incentive)



*City Chapter 380 capped at \$180,900 (does not include Façade Grant which is executed via separate agreement with the Downtown Management District)

309 E. Mills Avenue : Economic Impact

Job Creation

- Infill Program does not require jobs metrics, but we would anticipate FTES
 - Construction jobs (temporary)
 - Hotel and restaurant operations

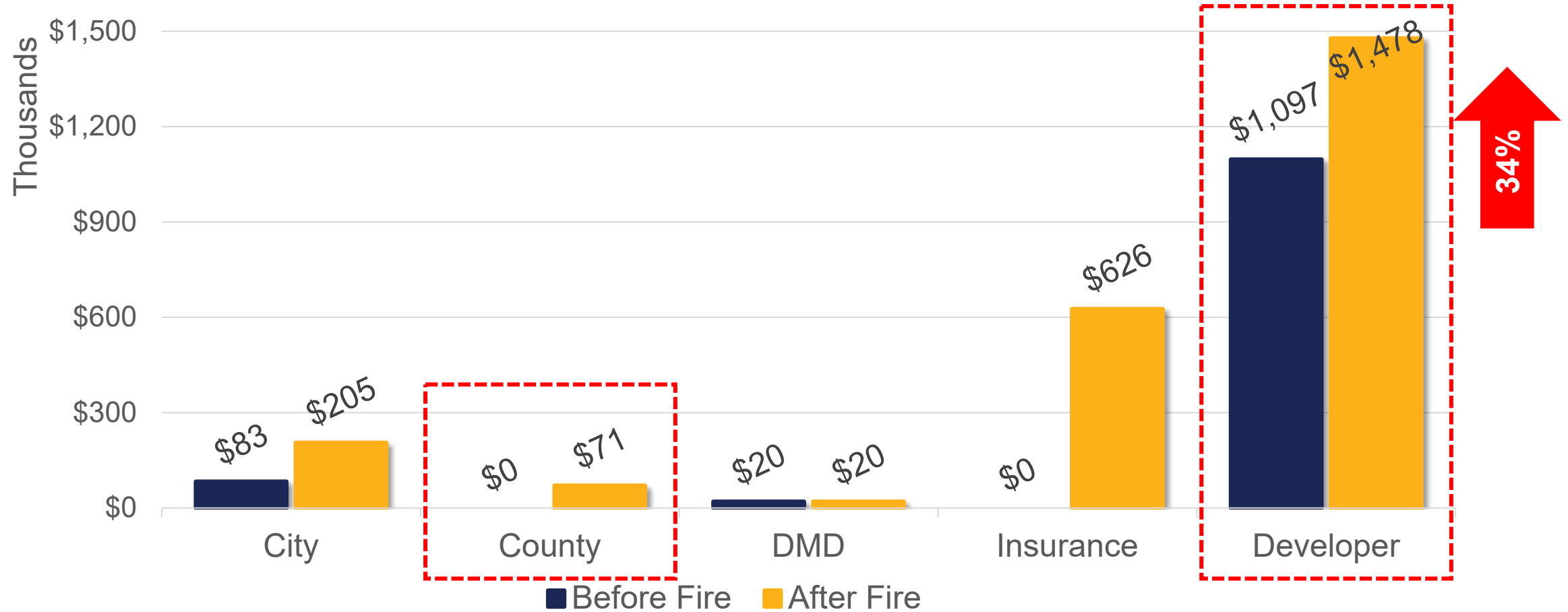
Direct Economic Impact

- **\$1.9M** in tax revenue to all taxing entities
 - Including **\$1M+** directly to the City via Hotel Occupancy Tax (HOT)

Indirect Economic Impact

- Estimated **\$4M** in spin-off sales and use tax revenue

309 E. Mills Avenue : Project Cost Comparison (\$k)



309 E. Mills Avenue: Net New Revenue Over 15-Year Incentive Period*



Total Community Tax Benefit = \$1,891,349**

*Models **new** property and hotel occupancy tax revenue only; new sales tax revenue from the restaurant is not modeled, nor is existing property tax revenue.

**Assumes property is appraised at \$1.2 million or the minimum contractual value below which property owner cannot protest.

Requested Action: 309 E Mills Avenue

APPROVAL of the First Amendment to the Chapter 380 Program (Infill) Agreement with 309 Mills LLC





Mission

Deliver exceptional services to support a high quality of life and place for our community



Vision

Develop a vibrant regional economy, safe and beautiful neighborhoods and exceptional recreational, cultural and educational opportunities powered by a high performing government



Values

Integrity, Respect, Excellence, Accountability, People