



Economic Development Department
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TO: Michael C. Van Milligen, City Manager

FROM: Jill M. Connors, Economic Development Director

SUBJECT: **Development Agreement between the City of Dubuque and Marquette Hall, LLC to Redevelop Property at 2222 Queen Street**

DATE: May 15, 2019

INTRODUCTION

This memorandum presents for City Council consideration and action the attached resolution approving a Development Agreement between the City of Dubuque and Marquette Hall, LLC.

BACKGROUND

The old school building from Sacred Heart parish, located at 2222 Queen Street, has sat vacant for a number of years. Marquette Hall, LLC, a subsidiary of Cohen-Esrey Development Group has purchased the building in order to create 28 senior apartments, three of which will be market rate.

DISCUSSION

Cohen-Esrey applied to the Iowa Finance Authority (IFA) in 2017 for Low Income Housing Tax Credits. At that time, the Economic Development Department committed up to \$35,000 in downtown rehabilitation grants to this project for the improvement of the exterior and up to \$30,000 for the creation of the 3 market rate units. These commitments were made possible through the Economic Development Department's downtown rehabilitation grant programs.

Cohen-Esrey has received the Low-Income Housing Tax Credits, allowing them to proceed with the project. In support of Cohen-Esrey's tax credit application to IFA, the City had committed to creating an urban revitalization district around the property in order to provide needed City support in the application. The district would have provided a tax abatement equal to \$179,830.00 (see attached form 5S which had been approved by City Council in 2016 and submitted to IFA). However, the urban revitalization district was not created. IFA has agreed to accept an equivalent amount of support from the City in the form of tax increment financing (TIF) rebates.

The proposed Development Agreement provides for several incentives to encourage the \$6 million redevelopment of the property. The key elements are as follows:

1. Façade, Planning & Design and Financial Consultant grants totaling up to a maximum of \$35,000;
2. \$30,000 through the Downtown Housing Creation Grant Program; and
3. Up to 10 years of TIF rebates of property tax increases in an amount not to exceed \$179,830.00.

Additional terms and conditions are included within the attached Development Agreement.

RECOMMENDATION / ACTION STEP

Based on the critical need for downtown housing and the City's goal to assist in redeveloping the downtown Washington Neighborhood area, I recommend that the City Council approve the Development Agreement between the City of Dubuque and Marquette Hall, LLC for the redevelopment of 2222 Queen Street by adopting the attached Resolution.