

To Village of Cottage Grove Board of Trustees

From Stafford Rosenbaum, LLP

Date April 2, 2021

Re Draft Glen Grove (Movin' Out) Development Agreement

The Village Board meeting scheduled for Monday, April 5, 2020, includes an agenda item specifying that the Board will discuss and consider a draft developer's agreement for the Glen Grove (Movin' Out) development. The draft development agreement is included in the materials for the Board meeting. There are a few final touches that will be necessary to complete this development agreement, but all substantive provisions are settled. Village staff and counsel recommend Village Board approval of this agreement.

Movin' Out is a non-profit organization that seeks to provide affordable housing options for military veterans and households with a member that has a permanent disability. The final Village Action Report for this project is included as the last attachment to the draft developer agreement (Attachment F). The proposed project is a 131,000 square foot 100-unit apartment complex which includes 15 one-bedroom units, 40 two-bedroom units, and 45 three-bedroom units. The following are a few notable provisions in the draft developer agreement:

1. Financial Incentives. The Village will make an initial incentive grant payment to Movin' Out of \$200,000, to be paid upon issuance of the building permit for the project. The Village will also provide up to \$600,000, at an annual interest rate of 4%, from property tax increment created by this project on taxes paid by Movin' Out.
2. Assessed Value Guarantee. Movin' Out will guarantee an assessed value for the property after completion of construction of the project of \$6,500,000.
3. Parks. Movin' Out will pay \$150,000 for park improvement fees upon issuance of the building permit for the project.

4. Personal Guaranty. Unlike most development agreements for private development, this draft agreement does not include any personal guarantee of the developer's obligations. Staff and Village counsel believe this is appropriate in this instance because of the non-profit nature of this developer.