



# Tax Increment Finance District #6

Apple Valley Affordable Housing



# History

▸ Subject property

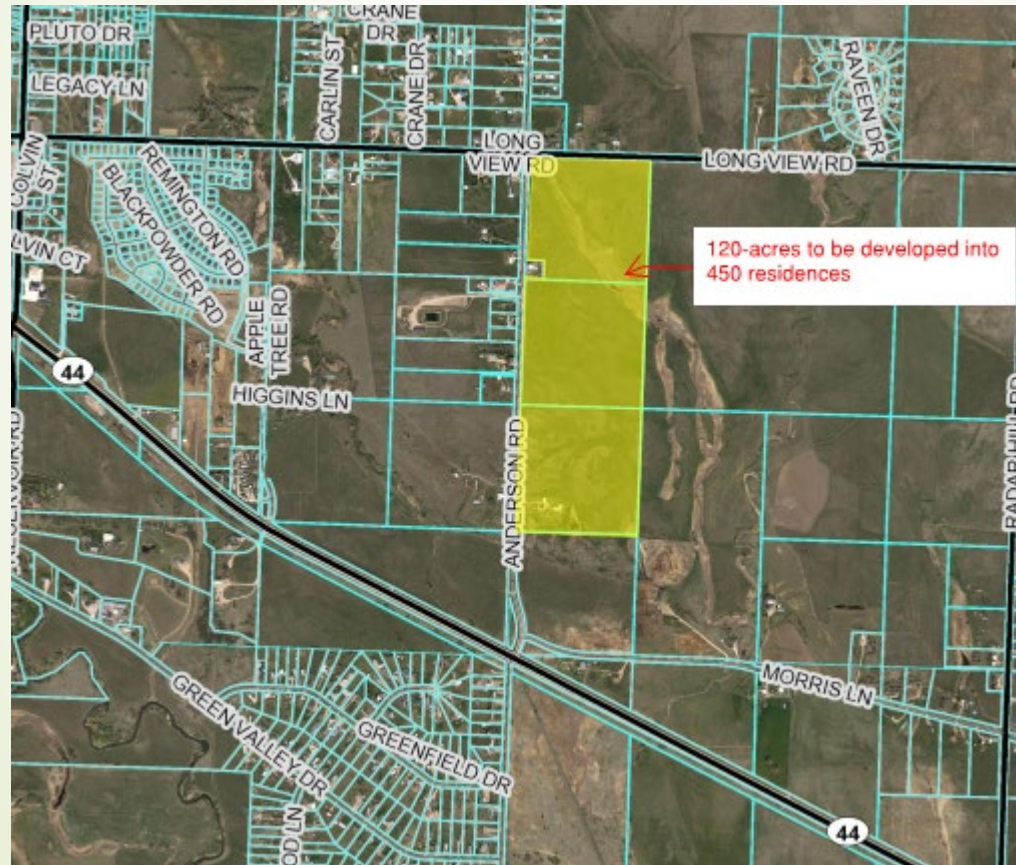
TID Boundary



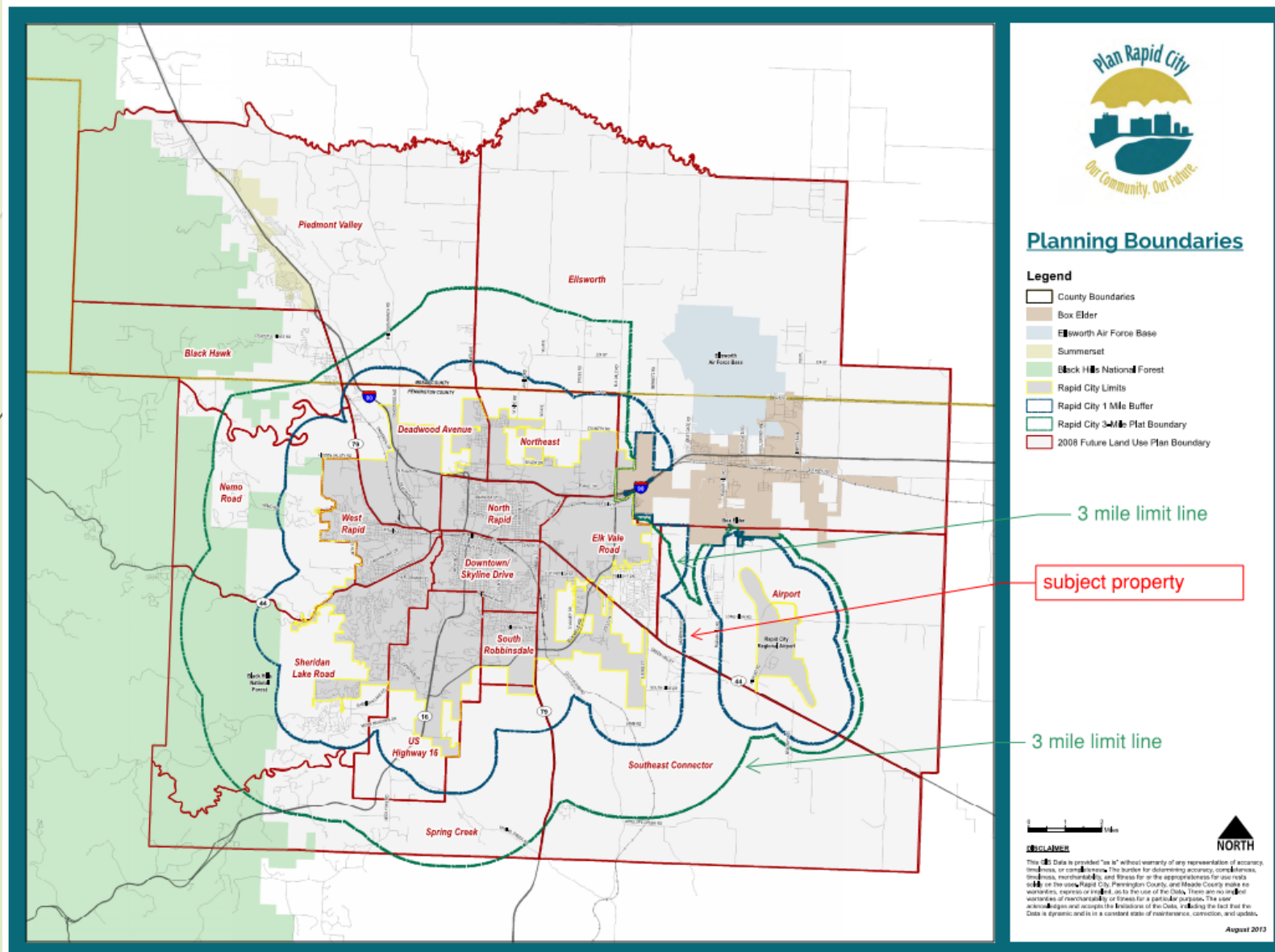
# History

- ▶ Subject property

TID Boundary



# History within 3 mile jurisdictional limits or Rapid City







# History

within 3 mile jurisdictional limits of Rapid City  
(Allowed per SDCL 11-6-26)

- When platting any land less than 40 acres, allows the city control and dictate planning and infrastructure requirements
- Would require infrastructure improvements be made to city standards and requirements in and along Anderson Rd and Longview, for any land platted to less than 40 acres
- Regardless if platted parcel is 39 acres or 0.1 acres
- Previously one 40 acre piece was going to be subdivided into 10 acre parcels. Died on arrival as the city would require infrastructure improvements that made the project financially unfeasible



# History

## 3 mile jurisdictional limits continued (Allowed per SDCL 11-6-26)

- What does this mean
  - Increased density of development is required to make project financially feasible
  - Allows for better infrastructure now and in the future to serve the area residents with safer roads, better water quality and service, better ground water quality with less maintenance, and increased safety and security by the sheriff's department

# Development plan

- Met with County, City, Rapid Valley Sanitary district, utility providers and sheriff's dept. on development requirements
  - The desire of officials and utility providers was to:
    - Improve infrastructure beyond required area to allow for future growth and to provide for better utility service to current residents
    - Relocate all overhead power lines to underground on Anderson and Longview
    - Properly size infrastructure to allow for future growth and to provide for better utility service to current residents
    - Widen and improve Anderson RD and Longview for 2x the required length to improve safety to pedestrian, bicycle, equestrian and vehicular travel
    - Provide a satellite Sheriffs office to improve community safety and response time





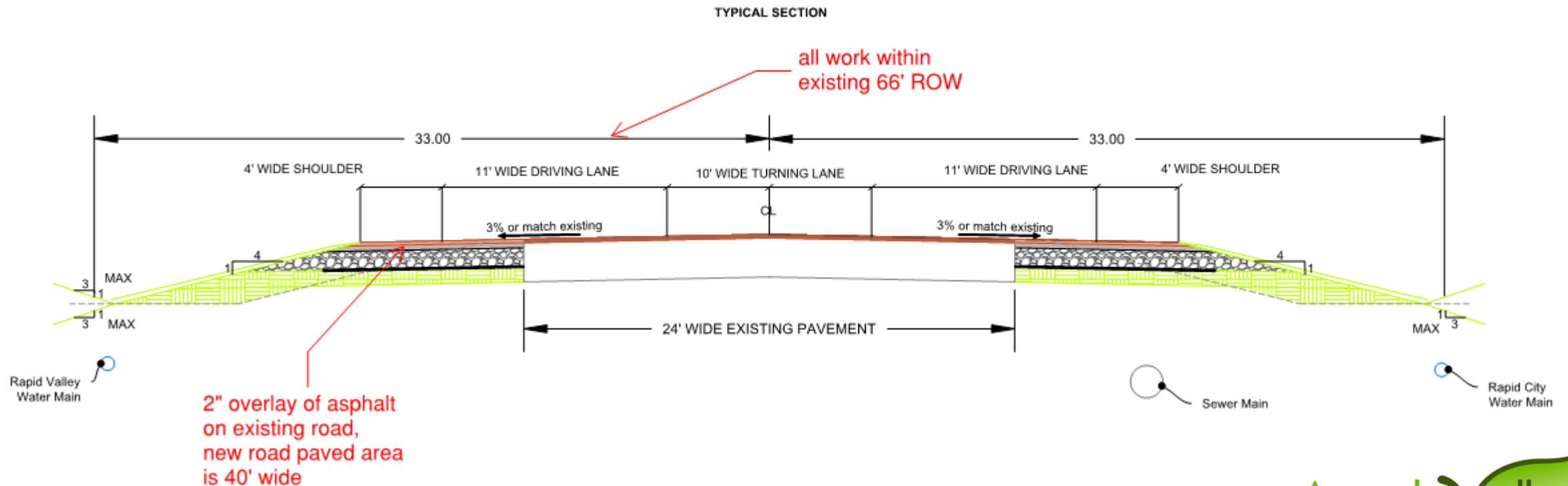
# Development plan

- Road Improvements
  - Coordinated between county highway sup and city public works dept and used data from the traffic study
  - no additional ROW or easements needed
  - No loss of driveways located on private land
  - New approaches paved, existing pavement resurfaced, new striping
  - Culverts replaced and updated



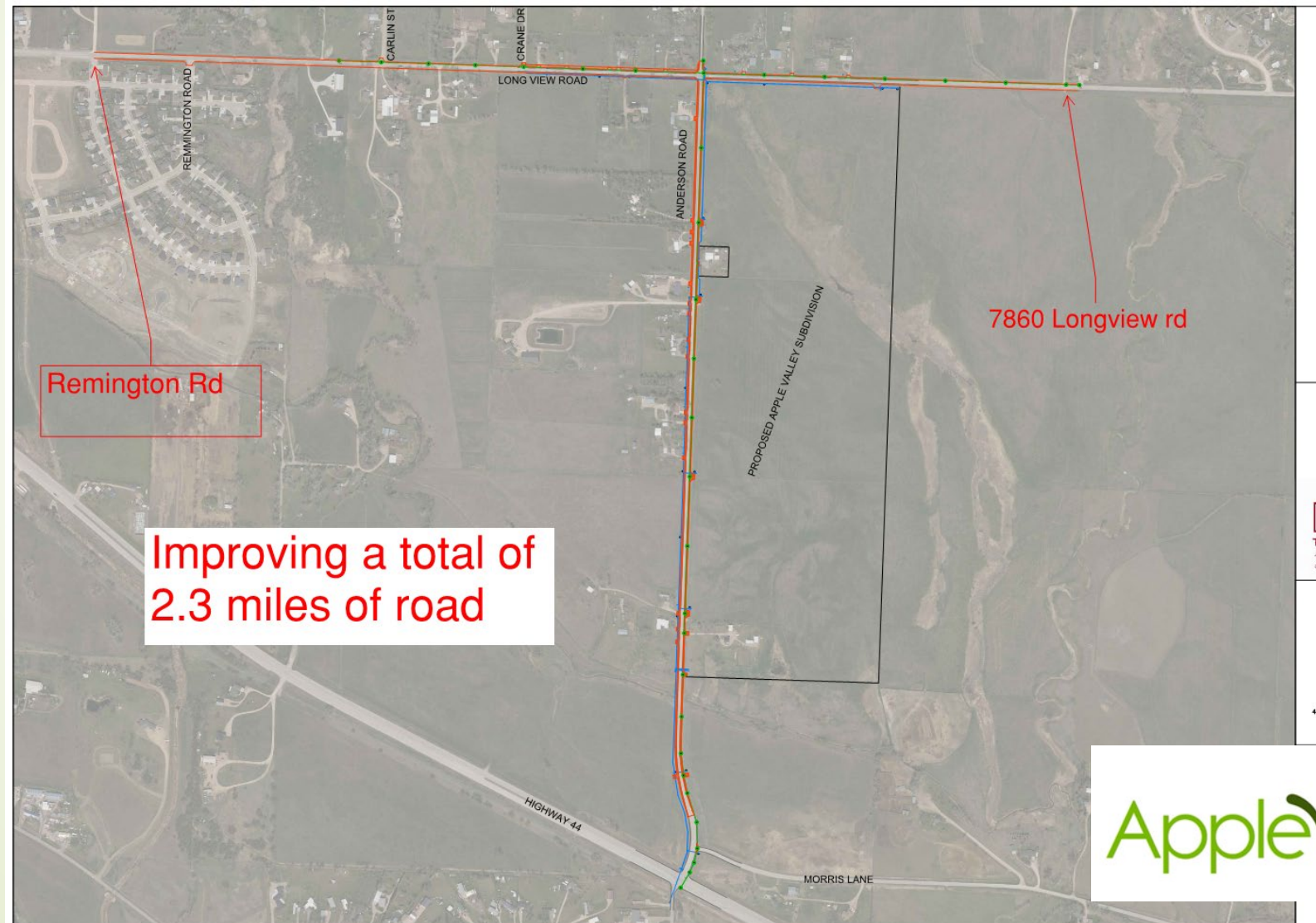
# Development plan

- Road Improvements
  - Existing typical roadway section
  - New roadway section
  - All work in existing ROW



# Development plan

- Road Improvements
  - Limits of improvements



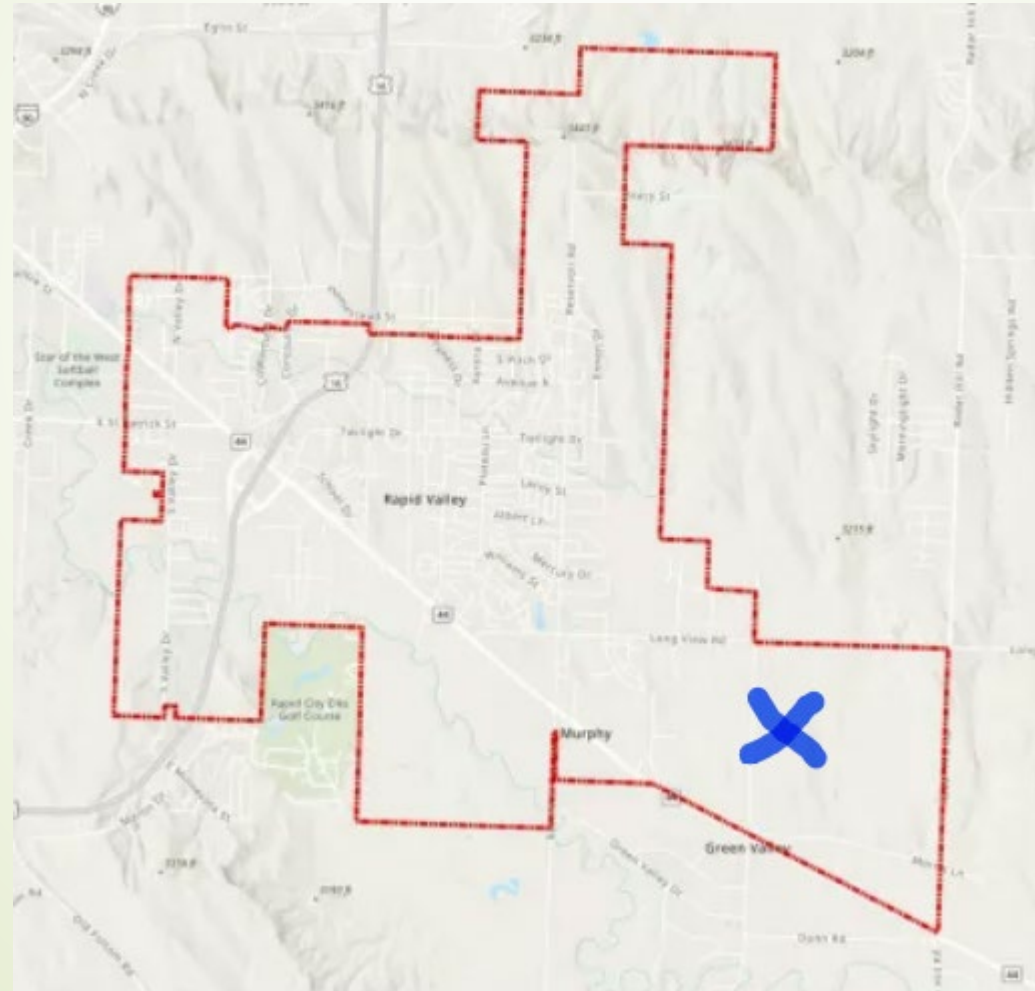


# Development plan

- Rapid Valley Sanitary District
  - Rusty Schmidt – Manager
    - Discuss existing service area
    - Discuss existing capacity and ability to serve the area
    - Providing connection to Green Valley to loop the system
      - improve fire flows and pressures
    - Sanitary district has annexed this area in
    - Existing residents that can be served will not be charged a connection fee by the district
      - Can connect now or in the future

# Development plan

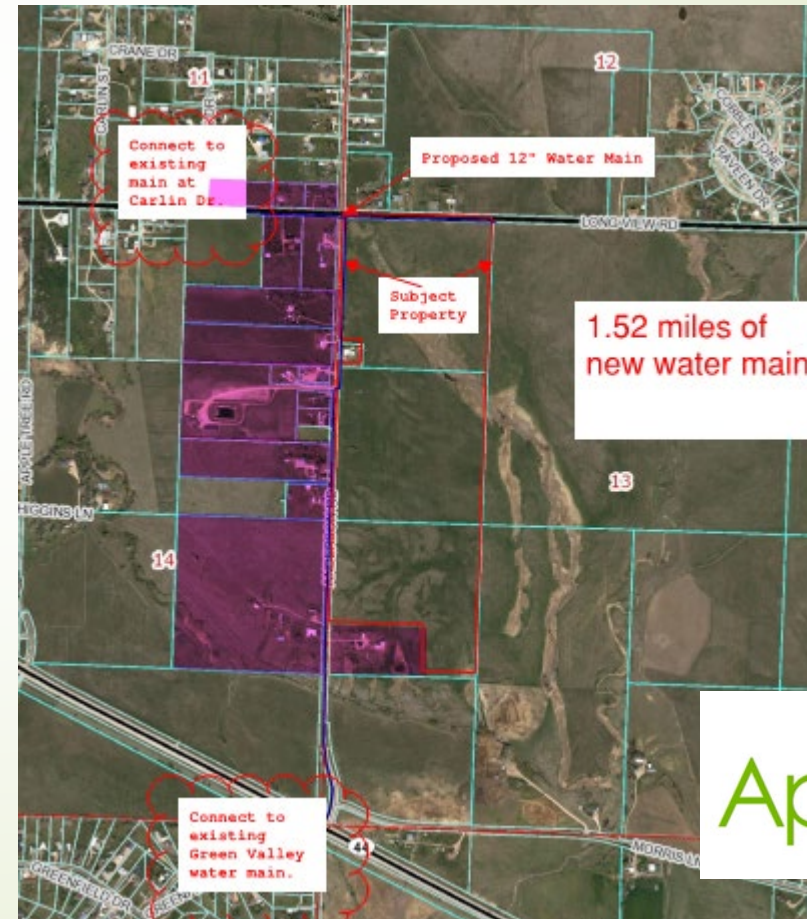
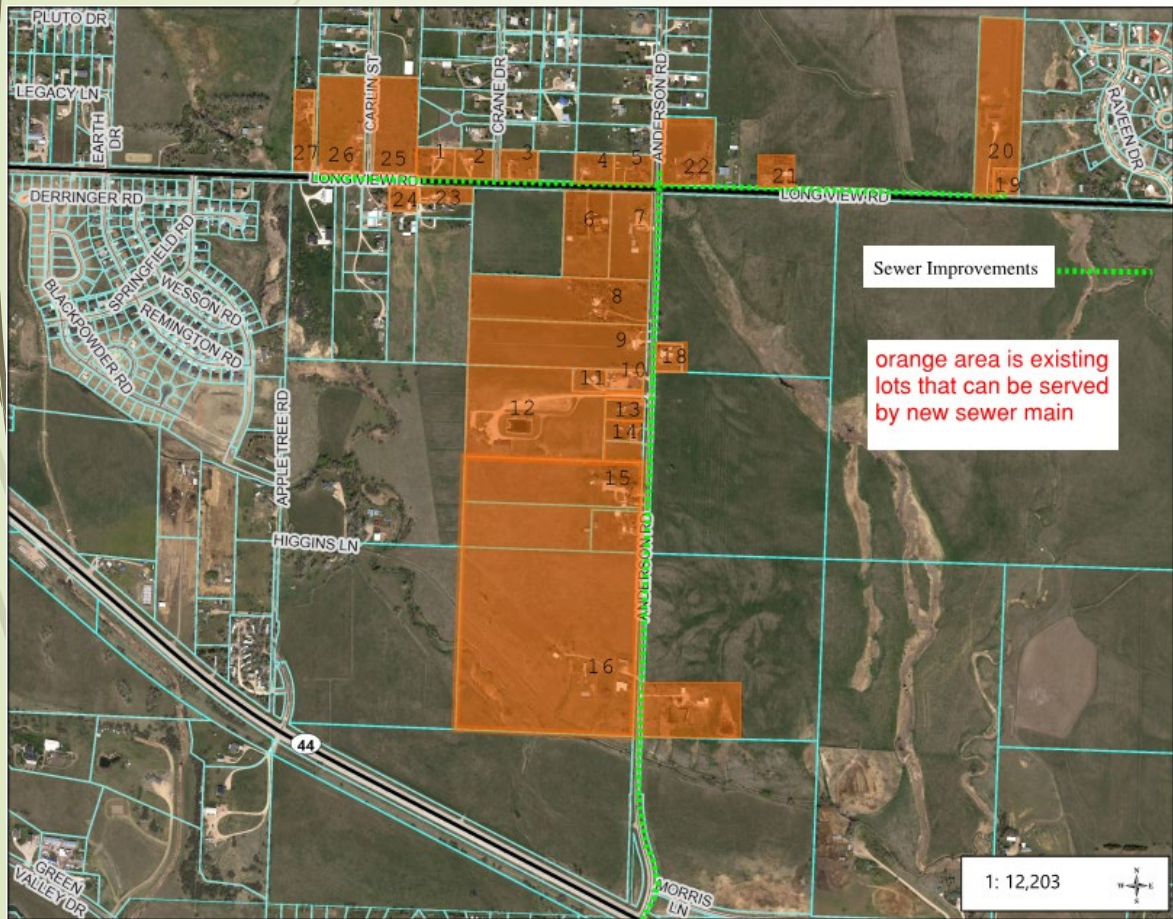
- Rapid Valley Sanitary District - continued
  - Service area





# Development plan

- Rapid Valley Sanitary District - continued
  - Existing residents have opportunity to connect
  - Potential wells drying up do to the decommissioning of the Hawthorne Ditch





# Development plan

- Sewer
  - Properly sized to allow existing residents connect and to allow for future growth
  - Tie into Rapid City main sewer trunk
  - Elimination of existing and future septic systems, improved ground water quality



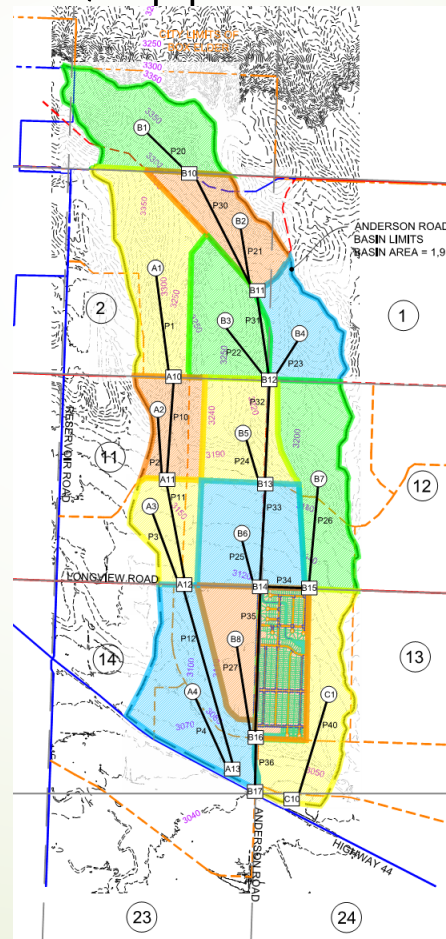
# Development plan

- Sewer continued
  - Extent of new sewer installation and improvements




# Development plan

- Sewer continued
  - Anderson rd basin area that can be served in the future by new sewer trunk main, approximately 1950 acres





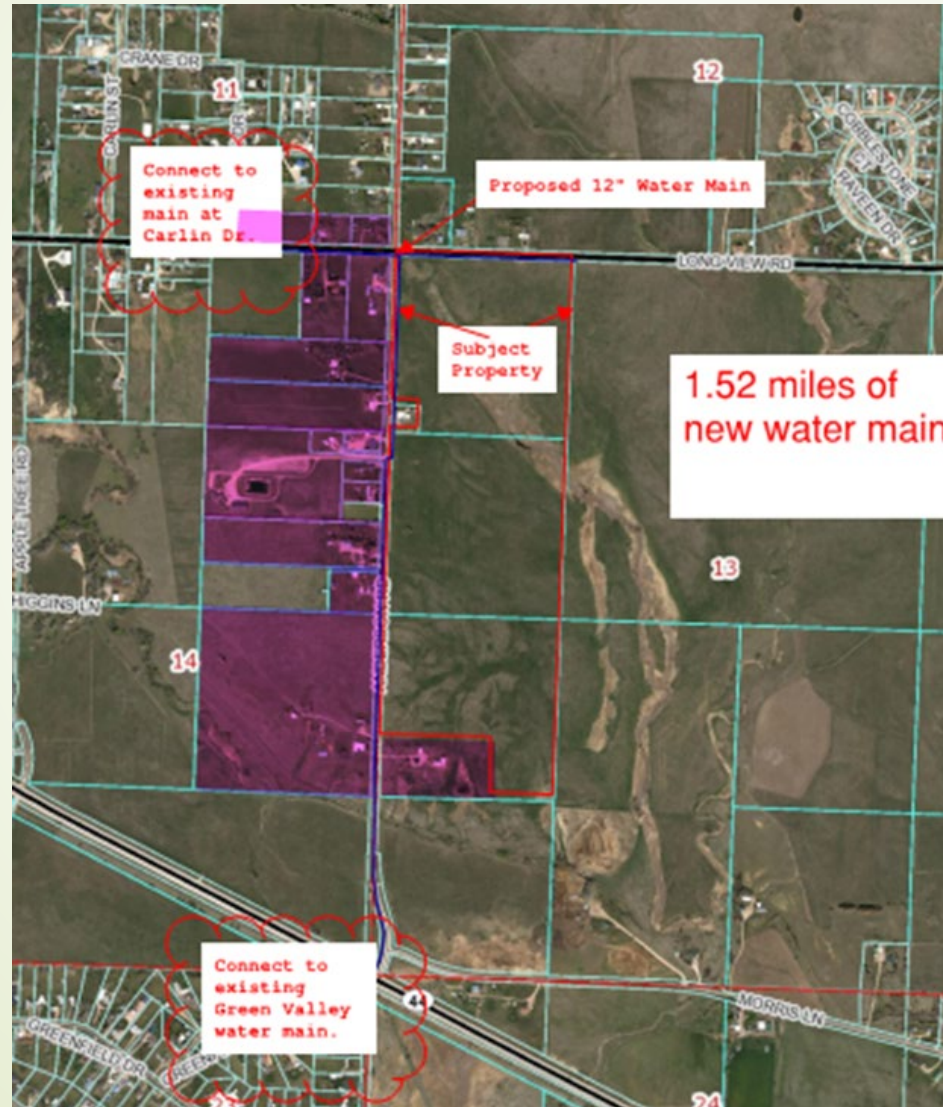


# Development plan

- Water
  - Properly sized to allow existing residents connect and to allow for future growth
  - Improved safety with installation of hydrants and increased fire flows and capacity
  - Green valley service improved
  - Ample capacity with Rapid Valley Sanitary district
  - Increased reliability with reduction of wells, provides residents an option if wells dry up

# Development plan

- Water continued
  - Extent of new Water installation and improvements





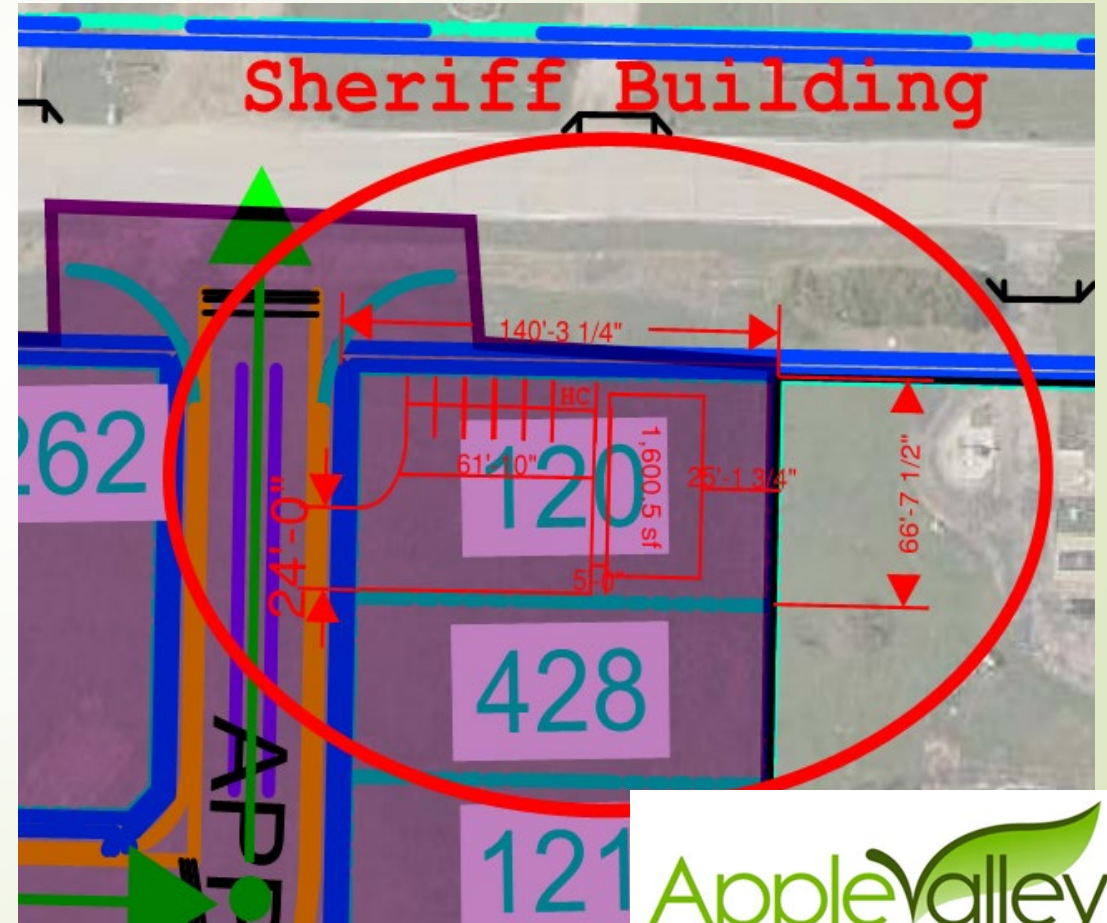
# Development plan

- Public Safety
  - Money allocated in TIF to allow for satellite Sheriff's office
  - Increased safety officer presence
  - Decreased response times and calls for service
  - Business with Sheriffs office will be able to be done at this satellite office
  - Provide overall better service by Sheriff's dept to Rapid Valley
  - Better water pressure and quantity for fire suppression



# Development plan

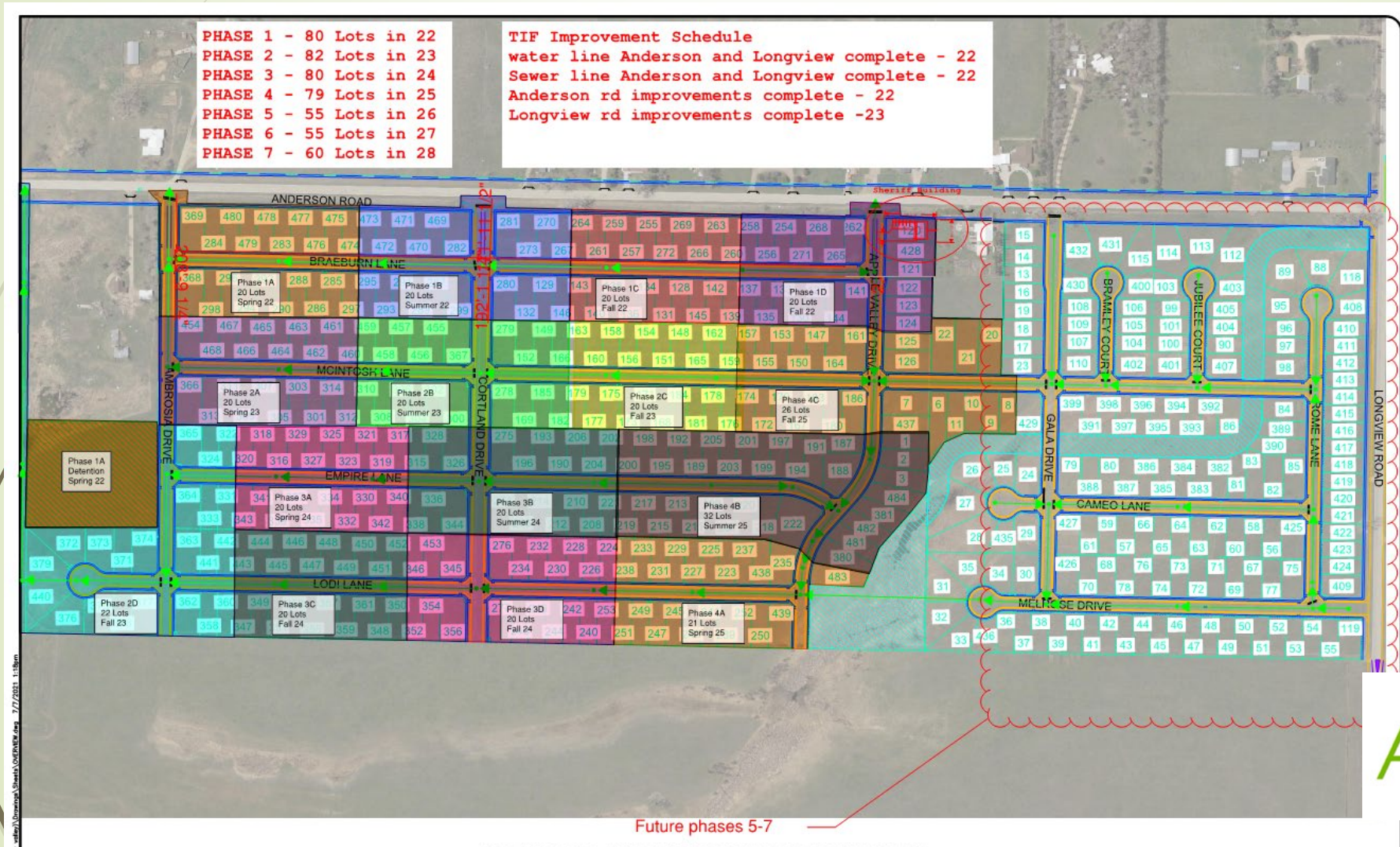
- Public Safety continued
  - Location and potential layout of Sherriff office





# Development plan

- Phasing and timing



# Additional TIF information and questions

- Discuss and answer questions regarding how valuation is determined
  - 300 homes X \$275,000 of assessed value = \$82,500,000
- Approx. TIF costs is \$8.3 million plus interest of \$4.2 million = \$12.5 million
- No impact on taxes
  - Affordable housing TIFS by definition cannot impact current mill rates
  - School general fund held harmless
- Financial risk of TIF cost repayment is 100% the burden of the developer. The county is not liable for any debt repayment or expenses
- Conservative approach in that 250 homes built in 5 years
  - Allows for TIF to be paid off in 16 years, allowable time frame of 20 years
- Any additional questions on TIF #6 numbers and process?

# Additional Housing and Market Info

## Current Housing Market in Rapid City

- In last 12 months 600 homes have sold in the \$200,000 – \$300,000 price range.
- Nearly every home sale has had multiple offers.
- Buyers paid an average of \$5,000 above asking price for the 600 homes that have sold. (That is \$3 Million more than asking price).
- This demonstrates a need for this price range of home.
  
- Currently on the MLS there is only ONE new construction home listed for sale in this \$200,000 - \$300,000 price range. It has not yet been built.
  
- To build a new home in this price range, a lot must be purchased at \$45,000 or less. There are no more lots in Rapid City to be purchased at this price.
- In fact, the lowest price lots in a subdivision and on the market for sale are in Copperfiled Vistas with a price tag of \$79,900 each. There are 17 of them.







# Additional Housing and Market Info

## Housing Needs in Rapid City

- Elevate Rapid City predicted a need for 3,000 new homes to accommodate the commitments the community has made to securing the new B-21 project at Ellsworth.
- Their housing need prediction was made BEFORE the COVID Pandemic began to cause people to stream into our community to escape their restrictive states.
- Their housing need prediction was made BEFORE the announcement of the Battery Plant relocation, hospital expansions, VA Clinic, New Motels, etc.



# Additional Housing and Market Info



- Lots are to be sold to Hunter Homes at a price of \$45,000 per lot.
- Hunter Homes builds in the \$200,000 - \$285,000 price range.
- This price range is the lowest anyone has been able to build a new construction home in the current economy.
- Hunter Homes homes are \$30,000 below the nearest competitor building with similar quality.
- Hunter Homes has been building in Johnson Ranch, Diamond Ridge, and Shepherd Hills for the last 3.5 years.
- In that time they have sold 178 homes.
- Hunter Homes is out of lots as none exist for \$45,000 or less. Any price higher than this would make Hunter Homes' price point unattainable.






# Additional Housing and Market Info

## Typical Buyer for \$200,000-\$300,000 homes

From Johnson Ranch & Diamond Ridge we know that the homeowners are:

- First Time Home Buyers (majority using FHA Financing)
- Downsizing Home Buyers
- Single Nurses
- Police officers
- Electricians
- Fed-Ex Delivery persons
- Airmen stationed at EAFB (majority using VA Loans for financing)
- Ministers
- Teachers



# Benefits of TIF #6 in summary

- We are promoting responsible planned growth
- Improved and additional sewer and water infrastructure for current residents of Rapid Valley and Green Valley
- Improved traffic network and safety
  - Added turn lane and 4' shoulders to improve pedestrian safety
- Allows for emergency services to be located directly in Rapid Valley
- Reduced future spot development, will encourage development along existing infrastructure
- Allows for future growth and infrastructure improvements on approximately 1,900 acres
- Financial burden of infrastructure development on the developer not on the county
  - Allows for improvements to happen sooner than later