

AGENDA ITEM SUMMARY

Urban Renewal Authority



STAFF

Andy Smith, Redevelopment Manager
Josh Birks, Acting Executive Director

SUBJECT

Items relating to the Consideration of Resolutions to Approve Purchase and Sale Agreement for 1636 North College Avenue.

EXECUTIVE SUMMARY

Resolution No. 137 To Authorizing The Acquisition of Property at 1636 N. College Ave.

Resolution No. 138 To Adopting a Supplemental 2024 Budget Resolution

Resolution No. 139 To Adopting a Supplemental 2025 Budget Resolution

The owner of the property located at 1636 North College Ave (Property) has signed a Purchase and Sale Agreement (PSA) now before the URA Board of Commissioners for consideration. If the Board agrees with the PSA terms, a resolution authorizing the URA Acting Executive Director to sign the PSA on behalf of the URA as Buyer is presented for Board approval (Exhibit A). If the PSA is signed by the Acting Executive Director, the URA will then have certain rights to inspect and purchase the Property per the terms of the PSA. The resolution does not require the URA to purchase the Property.

STAFF RECOMMENDATION

Staff recommend approval and adoption of the resolution.

BACKGROUND / DISCUSSION

Beginning in late 2022, the Fort Collins URA began discussions with the owner (Seller) of 1636 North College Avenue regarding a potential sale of the Property to the URA. The Property is located within the North College Plan Area, an urban renewal area created and approved by the City Council in 2004. The intent of the URA in purchasing the Property would be to eliminate and prevent existing conditions of blight in furtherance of the North College Plan goals.

In September 2023, a non-binding Letter of Interest (LOI) was signed by both parties, establishing mutually acceptable terms to be incorporated in a formal PSA that would place the property “under contract”. A draft PSA was circulated between the Fort Collins URA and the Seller, however it was not mutually agreed upon or executed due to prolonged lease termination discussions between the Seller and Albertson’s (Tenant).

On June 11, 2024, URA Staff conducted a visual survey of the Property and confirmed that blight conditions remained present. On June 27, 2024, the URA Board authorized the use of eminent domain to acquire the Property if ongoing negotiations were unsuccessful.

Throughout the summer and fall of 2024, URA staff and legal counsel continued negotiations with the Seller while also continuing to take steps to acquire the Property with eminent domain if necessary. According to the Seller, ongoing negotiations with their Tenant to terminate the lease appeared to be coming to a mutually satisfactory agreement. In early November, the Seller notified URA staff that the terms of a lease termination agreement have been mutually agreed upon by them and the Tenant, and that final negotiations of a PSA with the URA could proceed in earnest.

After a few more rounds of negotiation, the Seller and URA staff agreed to terms of a PSA and the Seller signed their portion of the PSA. That PSA is now before the URA Board for consideration.

Several key aspects of the PSA include:

- Purchase price is \$7,636,050.00, which is readily available in cash in the North College Urban Renewal Plan Area fund. The URA may decide to pay cash or finance the purchase and has sufficient time to consider options.
- The URA has 180 days to inspect the property and conduct an assortment of due diligence activities. During this period, the URA may further consider redevelopment and reuse strategies, partnerships, disposition options, financing arrangements, and more.
- The earnest money deposit is \$250,000.00 which is readily available as cash in the North College Urban Renewal Plan Area fund. The earnest money deposit is fully refundable until the expiration of the due diligence period (180 days), yet applicable to the purchase price if the URA elects to close on the transaction.
- The Seller and Tenant have executed a Lease Termination Agreement that becomes effective upon the successful closing of a purchase transaction by the URA.
- The PSA does not require the URA to purchase the Property; it simply provides certain rights to inspect and purchase the Property if so desired by the URA Board.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

None.

AUTHORITY FINANCIAL IMPACTS

The North College Urban Renewal Plan Area unencumbered fund balance is currently estimated to be \$8,296,753. URA finance staff estimates that approximately \$2.4 million of additional unassigned property tax increment revenue will be received in 2025.

To fund due diligence and inspection activities (and other technical projects), the URA Board authorized \$180,000 in 2024, and \$260,000 in 2025 for technical services. URA staff believe this total budget to be sufficient to evaluate the Property and make corresponding plans prior to the expiration of the PSA's due diligence provision.

Two resolutions are attached for consideration by the URA Board. The first resolution (Exhibit C) approves a supplemental budget appropriation in the 2024 calendar year to fund the refundable earnest money deposit of \$250,000. The second resolution (Exhibit D) approves a supplemental budget appropriation in the 2025 calendar year to fund the potential acquisition of the Property for \$7,636,050 (less the earnest money deposit of \$250,000).

PUBLIC OUTREACH

A series of outreach workshops conducted by the CSU Institute for the Built Environment and The Family Center/La Familia in 2019 and 2020 to form the North Fort Collins Community Engagement Report and the Community Investment Plan for North College.

Since those reports were completed, URA staff have provided updates and presentations to community stakeholders including, but not limited to:

- North Fort Collins Business Association
- The Family Center/La Familia
- The United Way of Larimer County
- Fort Collins Area Chamber of Commerce - Local Legislative Affairs Committee
- Citizens Advisory Group - North College Urban Renewal Plan Area
- Urban Land Institute

ATTACHMENTS

1. Resolution A for Consideration
2. Exhibit to Resolution A
3. Resolution B for Consideration
4. Resolution C for Consideration
5. Presentation