



## Council Agenda Summary

April 4, 2023

Key Staff Contact: Benjamin Snow, Economic Health & Housing Director

### Title:

Consideration of a Resolution approving a Redevelopment Agreement between 1024 8<sup>th</sup> Avenue, LLC, DDA and the City of Greeley

### Summary:

The City Council endorsed the establishment of a Redevelopment Incentive Program in 2018. This program outlines a combination of incentives available to qualified redevelopment projects in the City's Redevelopment District. For individual projects, the level of support is scaled to the amount of the private investment and the funds are extended from a special fund set up for this purpose.

The City's "Redevelopment Assistance Funds" may be used to underwrite a portion or all of the development fees that would be owed the City for the new construction. As such, these incentive funds stay within City accounts but are transferred to credit the Development Fee Fund on behalf of the approved redevelopment project. Since program approval, the City has approved agreements with 55 Resort on the former Garnsey & Wheeler site on 8th Avenue, Richmark Real Estate Partners for three redevelopment sites on 8th Avenue (The Maddie) and with Greeley Land, LLC on a site at 1750 6th Street near UNC Jackson Field for a second phase of multi-family student-oriented apartments (University Flats Phase II). All of these projects have been completed.

As with any of the City's economic development assistance programs, the incentive funding extended is memorialized in a formal agreement which sets out the terms and conditions and performance expectations to assure the City funds will be used to leverage the private investment in a manner as proposed. The agreement also offers reliance for the developer that the City's funds will be provided as expected, an important element for project financing and execution.

The attached resolution approving the use of the Redevelopment Incentive fund for this project outlines the Intergovernmental Agreement and Redevelopment Agreement between the developers (1024 8<sup>th</sup> Avenue, LLC), the Downtown Development Authority, and the City of Greeley. The DDA Board approved its portion of this Agreement at its March 23 regular meeting. The following chart summarizes the key elements of the Redevelopment Agreement:

REDEVELOPMENT AGREEMENT	
Goal	Support desired redevelopment at the minimum level necessary to close the funding differential between construction of a similar project in an undeveloped area and that within the redevelopment district,

Project	Residential development that would include a minimum of 194 multi-family apartments, with related amenities. This is the former furniture store building located on the NEC of 8 <sup>th</sup> Avenue and 11 <sup>th</sup> Street.
Parties	1024 8 <sup>th</sup> Avenue, LLC Greeley Downtown Development Authority City of Greeley
Investment	Developer estimates a minimum of \$55MM in new building value related to construction costs for the full project (does not include land costs, soft costs or furniture, fixtures or equipment; in total, the private investment would exceed \$73M).
Assistance	The DDA will reimburse the Project the net new property taxes paid by the developer and received by the DDA from the date of project completion through the life of the DDA tax increment district (2032), but not more than \$1.7MM. The DDA reimbursement may be used only for payment of eligible DDA costs as defined in the Agreement. The City will underwrite the Project's Development Fees, based on the actual value of building construction as constructed up to 100% of the fees if the project exceeds \$30MM as proposed, but not more than \$3.1MM
Performance Assurances	The DDA will reimburse the Project from property taxes actually paid by the developer. The City will reserve the Project's development fee payment with the Agreement but will only credit the fees due upon project completion. The Developer is liable for the Project's development fees if construction is not commenced within 18 months from the date of the Agreement, or completed within 24 months from the date of Commencement. Developer will post a financial security for the value of that fee payment until the project is complete. The developer may not sell or transfer any part of the project to another party, except Permitted Assignees, without revocation of the City's Redevelopment Assistance Fund incentives.
Other conditions	Developer must construct the Project substantially consistent with the elevations submitted, City Development Code standards, and the Design Guidelines contained in the Agreement.

**Fiscal Impact:**

Does this item create a fiscal impact on the City of Greeley?	Yes
If yes, what is the initial, or, onetime impact?	Up to \$3.1MM, from the Redevelopment Assistance Fund; up to \$1.7MM in Property Tax Increment revenue from the DDA's Fund (administered through the City, expended over the life of the TIF District).

**Legal Issues:**

Redevelopment Agreements must be approved by Council Resolution

**Other Issues and Considerations:**

None.

**Strategic Focus Area:**



**Business Growth**



**Community Vitality**



**Housing for All**

**Decision Options:**

- 1) Adopt the resolution as presented; or
- 2) Amend the resolution and adopt as amended; or
- 3) Deny the resolution; or
- 4) Continue consideration of the resolution to a date certain.

**Council's Recommended Action:**

A motion to adopt the Resolution

**Attachments:**

Resolution

Exhibit A to Resolution (Redevelopment Agreement)

Presentation