



Executive Summary

City Council Business Meeting

AGENDA ITEM: Contract for Private Redevelopment

PREPARED BY: Mark Kaltsas, City Planner

RECOMMENDED ACTION: 1 Motion

1. Motion to Approve the Amended and Restated Contract for Private Redevelopment

Summary

This contract formalizes the partnership between the City and the Developer to complete the Maple & Main redevelopment project. It provides financial assistance through TIF while protecting the City by tying repayment to project performance and tax generation, and by requiring strict compliance with development obligations.

Project Overview

- The Developer will acquire City-owned property and construct a 95-unit multifamily residential building.
- The project is part of Development District No. 2 and TIF District No. 2-1, created to support redevelopment of underutilized or blighted property.

Public Purpose

- The City determined redevelopment is needed to remove substandard conditions and support economic growth.
- The project would not occur without public financial assistance.

Financial Assistance (TIF Note)

- The City will issue a pay-as-you-go Tax Increment Revenue Note up to \$2,889,000 to reimburse eligible project costs.
- The Note carries 5.75% interest and is repaid solely from 70% of tax increment generated by the project.
- The City has no obligation to repay the Note from other sources, and unpaid amounts at the end of the term are forgiven.

Conditions for Payment

- The Developer must:
 - Acquire the property
 - Complete construction of the project
 - Provide proof of eligible costs
 - Obtain a Certificate of Completion from the City
- Payments depend on actual tax increment generated and may be reduced or suspended if values decline.

Developer Responsibilities

The Developer agrees to:

- Construct the project according to approved plans and regulations
- Begin construction within 6 months and complete within 30 months
- Obtain all required approvals and permits
- Maintain required insurance
- Pay all property taxes and avoid actions that reduce taxable value

Restrictions and Protections

- The property cannot be sold before completion without City approval.
- The City retains oversight through plan approvals and compliance requirements.
- The Developer must indemnify the City against claims related to the project.

Default and Remedies

- Defaults include failure to construct the project, pay taxes, maintain insurance, or meet agreement terms.
- The City may suspend payments, withhold approvals, terminate the Note, or pursue legal remedies if defaults are not cured.

Recommendation

Staff recommends approval of the Amended and Restated Contract for Private Redevelopment