Council Communication

Department: Community Development	Ordinance No.: N/A	City Council: 12-18-2023
Case/Project No.:	Resolution No.: 23-	

Subject/Title

Resolution authorizing the execution the First Amendment to the Purchase, Sale and Development Agreement by and between the City of Council Bluffs and 34th and 1st Holdings, LLC.

Location

34th and 1st Avenue

Background/Discussion

Background

In July 2021, the City entered into a development Agreement with 34th and 1st Holdings, LLC owned by Knudson Companies to redevelop the vacant city-owned land at 34th Street and 1st Avenue. Knudson Companies proposes a 224 apartment units and 40 townhomes, located both north and south of 1 st Avenue (264 total units). They also have proposed 20,000 square feet of commercial space at the corner of West Broadway and South 34th Street. The total project investment is expected to be $36,873,140. The minimum assessment for the project is set to begin January 1, 2024.

Staff worked with Knudson Companies to negotiate the terms of the development agreement. Knudson requested 80% tax increment financing rebate (TIF) for 17 years (from 2024 to 2042) with a maximum rebate amount of $10 million. This will be provided upon completion of each of the three phases incrementally. Additionally, the cost of the land shall be forgiven upon completion of each phase as outlined in the agreement.

Discussion

In the last two years, several factors have played into project delays including increased material costs during the COVID-19 pandemic, lack of material and contract labor availability and rising interest rates. For this reason, the City began renegotiating the terms of the development agreement to ensure the project could move forward.

Staff proposes the following amendments to the development agreement:

1. Phase I: Provide a sliding scale rebate with three (3) years 95% rebate, five (5) years 90% rebate, five (5) years 85% rebate and two (2) years 80% rebate for a total of 15 years. Additionally, the minimum assessment will be delayed to be completed December 31, 2025 and be fully assessed January 1, 2026. No changes to the minimum assessment amount.
2. Phase II: Provide an 80% rebate for a period of 17 years to be completed by December 31, 2027 and fully assessed January 1, 2028. No changes to the minimum assessment amount.
3. Phase III: Provide an 80% rebate for a period of 17 years to be completed by December 31, 2028 and fully assessed January 1, 2029. No changes to the minimum assessment amount.

The maximum TIF rebate amount will remain $10 million. Additionally, the cost of the land shall be forgiven upon completion of each phase as outlined in the agreement. Staff will continue to work with Knudson Companies to ensure the project begins construction in 2024 and is able to meet future deadlines.

Staff Recommendation

Staff recommends City Council approve a resolution authorizing execution the First Amendment to the Purchase, Sale and Development Agreement by and between the City of Council Bluffs and 34th and 1st Holdings, LLC.

Attachments

1) Resolution
2) First Amendment to the Development Agreement