

Legislation Details (With Text)

File #: BILL NO. 24-059 **Name:**

Type: Ordinance - Public Hearing **Status:** Passed

File created: 1/22/2024 **In control:** City Council - Regular Session

On agenda: 3/26/2024 **Final action:** 4/9/2024

Title: An Ordinance Approving the Removal of Property from the Colbern Ridge Community Improvement District
(Note: First read by Council on March 26, 2024. Passed by unanimous vote.)

Sponsors:

Indexes:

Code sections:

Attachments: 1. Ordinance, 2. Exhibit A: CID Petition

Date	Ver.	Action By	Action	Result
4/9/2024	1	City Council - Regular Session	adopted and numbered	Pass
3/26/2024	1	City Council - Regular Session	advanced to second reading	Pass

An Ordinance Approving the Removal of Property from the Colbern Ridge Community Improvement District
(Note: First read by Council on March 26, 2024. Passed by unanimous vote.)

Issue/Request:

This is an ordinance to approve the removal of real property from the Colbern Ridge Community Improvement District (CID) totaling approximately 10 acres.

The LCRA Plan provides for the construction of a mixed-use development consisting of approximately 136 apartment units; 220 senior-only multi-family units; approximately 28,500 square feet of medical office building space; and approximately 30,000 square feet of office, warehouse/office and other commercial uses, respectively, along with all associated onsite and offsite sitework and infrastructure, including utilities, stormwater management, street/drive and parking improvements, and landscaping.

The LCRA Plan will establish public ownership during the construction of improvements for Developer to receive and use a sales tax exemption certificate for the purchase of construction materials that are used in the construction of the Project, a property tax abatement at 50% for up to 25 years, a public improvements assessment in the amount the annual 50% property tax abatement, and a 1% community improvement district (CID) sales tax for up to 27 years.

Key Issues:

Ordinance to approve the removal of real property from the Colbern Ridge CID.

Background:

On June 6, 2023, Developer made a conceptual incentive request to the City Council for the requested incentive package and received positive non-binding feedback from the Council.

On or about May 15, 2023, Developer filed the LCRA Redevelopment Plan with the City Clerk. The Plan as filed eliminates the City sales tax sharing component. Instead, the Plan is accompanied by the companion CID which would impose a new sales and use tax to provide an additional source of reimbursement to Developer for the public improvements.

On May 24, 2023, the LCRA Plan was presented to the LCRA Board of Commissioners, and the Board then passed Resolution 2023-3 which recommended approval of the LCRA Plan.

On June 13, 2023, the City Council approved Ordinance No. 9679 which approved the LCRA Redevelopment Plan and Ordinance No. 9680 which approved the CID. After the LCRA Plan and CID were approved by the City Council on June 13, 2023, Developer continued to have discussions with prospective tenants and buyers in the Redevelopment Area. Developer has indicated that the company for the senior residential facility that is proposed to be developed on Lot 3 of the Colbern Ridge Minor Plat (Public Hearing: Application #PL2023-057 - Preliminary Development Plan - Senior Living Facility, 900 NE Colbern Road; Engineering Solutions, LLC, applicant) (the "Senior Living Development") does not want to participate in the LCRA and CID incentive structure for business reasons. The Redevelopment Agreement references the original LCRA Redevelopment Area and CID area, but the Lease Agreement excludes Lot 3 for the Senior Living Development from the real estate transaction and the leased area to implement the LCRA incentive mechanism.

Nelson Development I, LLC purchased approximately 10-acres of property from Colbern-Rice Investments, LLC generally located at the northeast corner of NE Colbern Road and NE Rice Road (the "Nelson Property") and has requested that the Nelson Property be removed from the CID.

Impact/Analysis:

The property being removed from the District is being developed for residential use and will not generate any sales tax revenues. The reimbursement to be provided from the CID is still an acceptable reimbursement for Developer. The Senior Living Development was about 46.5% of the total assessed value of the entire LCRA Redevelopment Area according to the original incentive projections, so the exclusion of this property from the Redevelopment Area and LCRA/CID reimbursement mechanism will likely reduce Developer's reimbursement by an equivalent amount over the life of the incentive structure, as compared to the original projections when the LCRA Plan and CID were approved. The COD Board determined that the CID can meet all its obligations.

Timeline:

Construction of the project started in 2023

Curt Petersen, Polsinelli Law Firm
David Bushek, Chief Counsel of Economic Development and Planning