Chronology of Events Related to the Animas City Park Overlook (ACPO) Townhomes & City/URA Participation
March 15, 2023

- On March 15, 2022, the North Main Gateway area was approved by City Council along with a TIF Agreement. This was partly in response to the ACPO residential development and a desire to partner on that project to secure deed-restricted housing units.
- A third-party analysis showed that ACPO is expected to generate approximately $600,000 in TIF revenue over the 25-year life of the URA area. This amount was used as the basis for what the URA could justify providing to the development in exchange for deed-restricted housing units.
- Staff identified two sources of funding to comprise the total amount of $600,000:
  - The first was the 2022 Housing Incentive Fund (19-4137-31499). This budgeted money was intended to provide ‘infrastructure support’ for residential developments. $250,000 was committed as a grant to the project.
  - A loan from the Housing Fund to the URA was envisioned as the second source of funding. A $350,000 upfront loan was approved by both the URA Board and City Council with the understanding that the Fair Share payment from the developer would go to buy down the loan balance and then the URA would pay off the outstanding amount. Council approved a Grant and Loan agreement and a draft Promissory Note on June 7, 2022.
- A Redevelopment and Reimbursement Agreement was executed between the developer and the URA on August 10, 2022. The terms allowed the developer to request reimbursement for ‘eligible expenses’ once deed restrictions have been recorded on the units. The Agreement contemplated incremental reimbursement due to the phased nature of the development. As deed restrictions are recorded on the units, the developer can request $125,000 per income-qualified deed restriction (4) and $10,000 per workforce housing deed restriction (6). The remaining $40,000 will be reimbursed once all units are issued Certs. Of Occupancy and public improvements are accepted.
- A transfer from the Housing Fund (19) to the URA Fund (29) was made on June 7, 2022 via Resolution 22-0028 for $600,000 with a distinction between the $250,000 grant and $350,000 loan.
- The total Fair Share fee for this development is $337,400. The developer made a Fair Share fee payment of $168,700 in August 2022. This represents 50% of their Fair Share fee and the balance is required to be paid in August 2023 (one year from initial payment). Therefore, the remaining balance on the loan owed from the URA to the Housing Fund is $12,600.
- URA/City staff met with Finance staff on June 10, 2022 and discussed how to finalize the Promissory Note. Discussion centered on the appropriate interest rate and Finance staff were going to research an appropriate rate. As of March 15, 2023 the Promissory Note is not finalized.
- As of March 15, 2023, no funds have been expended from the $350,000 loan amount and the Fair Share payment has paid down the outstanding balance to $181,300.
- Staff expects that a final townhome plat will be recorded for Phase 1 of ACPO townhomes along with three income-qualified deed restrictions in the next 1-2 weeks. This will make the developer eligible to request an initial reimbursement of $375,000.

Summary and Recommendation

Staff feels that it is now unnecessary to create a Promissory Note given the timeframe and negligible amount of the eventual loan balance. The URA has the funds available to pay the anticipated balance of $12,600 and proposes to pay that back to the Housing Fund in August 2023 when the second Fair Share fee is paid by the developer.