



## Legislation Text

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**File #:** 15-096, **Version:** 1

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### **ACTION REQUESTED:**

Communication from the City Manager with a Request to ADOPT an ORDINANCE Approving the RIVER TRAIL REDEVELOPMENT AGREEMENT (1<sup>st</sup> District).

**BACKGROUND:** In 2008, the City began marketing a development opportunity on City owned land along the Illinois River, between the Riverplex and Detweiller Marina in Riverfront Park. The original concept included the extension of Water Street (from its current terminus at Irving) northeast along the river and the construction of multi-family apartment complexes and/or town homes. The concept was the subject of a number of public meetings. Since 2008, the City has continued to solicit development while engaging in some pre-development exploration of environmental, geotechnical and legal issues.

In 2011, River Trail Drive, LP (RTD) began working with the City to further explore a development opportunity. RTD is a development partnership between Desmond Curran, an experienced builder and Vice President of Westpoint Builders in the Chicago suburbs, and Glen Barton, a local investor. Together, Mr. Curran (who serves as the project lead) and Mr. Barton have collaborated with the City to develop and refine a concept that would construct "River Trail Apartments," a new apartment complex to the area. The development includes four buildings of 36 units. Each building is a four-story elevator building that includes some interior parking (10 per building), balconies for every unit, and common areas on each floor. In total there will be market-rate 143 units (plus one model unit):

- 55 one bedroom units (avg. size of 865 square feet)
- 72 two bedroom units (avg. size of 1,160 square feet)
- 16 three bedroom units (avg. size of 1,450 square feet)

The buildings will include premium finishes in the units and as part of the façade. The complex includes significant landscaping. A site map and building renderings are attached.

In addition to the building construction, the project also includes the extension of Water Street from its current terminus at Irving (at the far end of the RiverPlex) to a new intersection with Morton Street. This will be a narrow two-lane residential road that includes parallel parking along the river side of the street. The entire stretch of road is lined with pedestrian scale lighting. The bike/walk path will remain intact, though one small section will need to be moved to accommodate the road. Since the current location of Constitution Garden is within the development area, it will be relocated in full to a more prominent spot along the new street near the RiverPlex. Morton Street will also be improved, including an upgraded railroad crossing.

A redevelopment agreement between the City and RTD is attached. It outlines a process for moving the project from concept to construction.

**FINANCIAL IMPACT:** The River Trail Apartments has a total project budget of approximately \$22.5 million. Of that amount, approximately \$18 million are private funds. In 2013, the City Council approved this area as the River Trail Tax Increment Financing (TIF) District. In a TIF, the City captures incremental property tax and can use those funds as incentive for development. The redevelopment agreement outlines a process whereby the City will borrow \$4.5 million in taxable, general obligation bonds to be used to build the road and reimburse RTD for TIF eligible expenses, primarily the remediation of environmental issues in the soil. The term of the

bond would be 20 years with interest capitalized for the first three years.

Repayment of the bonds will come from property tax generation. Since the property being sold and developed is publicly owned, it pays no property taxes. Therefore, all property taxes generated by the RTD development will be incremental and dedicated to the bond repayment. Staff has worked with RTD and the Peoria Township Assessor to estimate that taxes will be sufficient to meet the repayment obligations. However, per the agreement, should there be a shortfall between property taxes collected and funds needed to repay the bond, RTD will be required to pay the City the difference. The potential need for payment is secured by a second mortgage on the entire project that could be foreclosed upon if funds were needed.

The City's contribution is not immediate. After approval of the redevelopment agreement, the City and RTD will enter a due diligence period. Prior to issuance of the bonds, the City will review RTD's financial information to ensure the project is viable and that funds would exist if bond payment shortfall was realized. Furthermore, prior to closing, RTD has to have secured its financing. The City also must approve preliminary and final construction plans, which must be in line with site plan and renderings provided.

The Redevelopment Agreement stipulates that RTD will purchase the subject property from the City for \$445,474.75. Like the issuance of bonds outlined above, the closing on the sale of this land is subject to a number of provisions. One provision is approval from the Illinois Department of Natural Resources (IDNR). When the project site was acquired from the railroads in the 1980s and converted into a park, the City did so in part with a "Land and Water Conservation" (LawCon) grant. According to IDNR rules, the subject property cannot be sold until replacement land for open space is identified and approved by IDNR, a process called "conversion." The City will use the funds generated from the sale of the property to purchase IDNR approved sites to finalize the conversion. It also has a small "bank" of value (about \$66,000) from a previous LawCon conversion (Rocky Glen) that can be used to make up any difference in value.

**NEIGHBORHOOD CONCERNS:** When first introduced as a concept in 2008, the River Trail concept was met with a mix of support and concern. Some were supportive of investment in market rate housing and the increase of housing units near downtown. Others expressed concern over the loss of open space. While concern about open space still exists, the City and RTD have partnered to create a denser, more urban development that reduces the loss of open space. In many ways, the project enhances Riverfront Park. The addition of roadside parking, pedestrian scale lighting, and better landscaping, including a more prominent Constitution Garden, are improvements. The apartments themselves will add users for the park and nearby RiverPlex as well as adding to security for the area.

Staff has shared plans with a number of stakeholders regarding this project, including representatives from the Sierra Club, Detweiller Marina Neighborhood Association, Peoria Park District and Constitution Garden Commission.

Finally, one of the contingencies to closing is that the subject property will need to be subdivided and rezoned from its current R3 to multi-family zoning, such as R8, as well as have the multi-family plan approved. This will require a public hearing before the Planning and Zoning Commission and approval of the City Council at a future date.

**IMPACT IF APPROVED:** The Redevelopment Agreement will be approved and the City and RTD will enter into a due diligence period that is intended to lead to the project's construction and completion.

**IMPACT IF DENIED:** The Redevelopment Agreement will not be approved and the project will not likely proceed.

**ALTERNATIVES:** Council could suggest changes to the terms of the Redevelopment Agreement, but any such changes would need to be approved by RTD.

**EEO CERTIFICATION NUMBER:** Not applicable.

**WHICH OF THE GOALS IDENTIFIED IN THE COUNCIL'S 2014 - 2029 STRATEGIC PLAN DOES THIS RECOMMENDATION ADVANCE?**

1. Vibrant Downtown: Riverfront/ Central Business District/ Warehouse District
2. Attractive Neighborhoods with Character: Safe and Livable

**WHICH CRITICAL SUCCESS FACTOR(S) FROM THE COMPREHENSIVE PLAN DOES THIS RECOMMENDATION IMPLEMENT?**

1. Reinvest in neighborhoods.

**DEPARTMENT:** City Manager's Office