

ITEM #:	<u>23</u>
DATE:	<u>12-16-25</u>
DEPT:	<u>P&amp;H</u>

### **COUNCIL ACTION FORM**

**SUBJECT:      AMENDMENT TO LAND PURCHASE OPTION WITH KEYSTONE EQUITY  
GROUP FOR SURPLUS LAND AT HARRISON AND WELBECK TO EXTEND  
FINAL PLAT DEADLINE**

#### **BACKGROUND:**

On May 27, the City Council held a public hearing to approve an option agreement with Keystone Equity Group (KEG) for the purchase of surplus City land located west of the intersection of Harrison Road and Welbeck Drive (see Location Map). The agreement requires that, prior to completion of the sale of the land, a development agreement must be approved for the construction of 12 owner-occupied homes on the property and approval of state Workforce Housing Tax credits for the project must be obtained. **In addition, the agreement requires that the developer must complete all entitlements for development of the 12-unit development, including Final Plat approval by December 31, 2025.**

The developer has been notified by the state of approval of the state Workforce Housing Tax Credits. Since that notice the developer has begun to prepare plans for development of the property. As of the writing of this report, the developer has submitted a rezoning request and Preliminary Plat for a 12-unit development. The hearings for the project with the Planning and Zoning Commission and the City Council are planned for January 2026.

The final step for development approval would be a final plat. Final plat approval is anticipated in February, at which point the development agreement may be approved and the Developer will be able to close on the purchase of the site per the original terms of the Option Agreement. **To follow the above described timeline, staff has prepared an amendment to the Option Agreement (attached) for City Council's consideration that extends the deadline for Final Plat approval to February 28, 2026, approximately 60 days.** The Developer is agreeable to this timeline.

#### **ALTERNATIVES:**

1. Approve the attached amendment to the Option Agreement. Note the developer will need to fully execute the document to allow for it to be recorded.
2. Make modifications to the timeline and approve the amendment to the Option Agreement.
3. Deny approval of the amendment to the Option Agreement and maintain the deadline of Final Plat approval of December 31, 2025.

**CITY MANAGER'S RECOMMENDED ACTION:**

The extension is needed to fulfill the original terms of the Option Agreement steps for approval of a project and the sale of the property. The award of state tax credits was delayed beyond the anticipated timeframe of notice that was contemplated with the original option agreement causing some delay for the developer to proceed. The developer has submitted development plans consistent with the agreement, but they cannot be approved in the timeframe originally established the agreement. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative 1.

**ATTACHMENT(S):**

[Amendment to Option Agreement with Keystone.pdf](#)  
[Location Map.pdf](#)