



Council Communication No. 97-280

SYNOPSIS –

Negotiate and execute a License Agreement with Houghton Properties to construct its flex-space building on land located south of Guthrie Avenue between vacated Dixon Court and E. 18th Street (Disposition Parcel No. 20B/Guthrie Avenue Business Park).

FISCAL IMPACT –

N/A.

RECOMMENDATION –

Authorize the City Manager or his designee to execute a License Agreement with Houghton Properties for Disposition Parcel No. 20B/Guthrie Avenue Business Park.

BACKGROUND –

On June 17, 1996, the City Council took the following actions regarding Houghton Properties' ("Redeveloper") proposal to redevelop all of Disposition Parcel No. 20B/Guthrie Avenue Business Park ("Property"), located south of Guthrie Avenue between vacated Dixon Court and E. 18th Street:

- Entered into the Agreement to Purchase Land for Private Redevelopment;
- Approved the evidence of financing and final design plans for the south portion of Disposition Parcel No. 20B, which included the construction of 32,400 square feet of flex space;
- Executed the Special Warranty Deed for the south portion of Disposition Parcel No. 20B; and
- Entered into a License Agreement with the Redeveloper to conduct grading and site preparation work on the entire Property.

Houghton Properties is an Iowa partnership that was organized in December 1995. The company is involved in the development of commercial and industrial flex space. Jonathan Houghton is the President of Houghton Properties. There are three owners of the company. Mr. Houghton's children, Hiram, Tiffany and Jaclyn Houghton of 9922 Tanglewood, Urbandale, Iowa, each own one-third of the business.

On February 24, 1997, the City Council approved the evidence of financing and final design plans for the north portion of Disposition Parcel No. 20B, which included the construction of

22,000 square feet of flex space. On March 24, 1997, the City Council authorized a License Agreement with the Redeveloper to conduct footing and foundation work on the property.

The City of Des Moines has condemned and is now in possession of the north portion of Disposition Parcel No. 20B. However, the prior owner has appealed the price that the condemnation panel awarded in October 1995. The trial has been completed, but a final judgment amount has not been determined. After the final judgment amount has been determined and paid by the City, the City will convey title to the property to the Redeveloper.

In order to control costs, Houghton Properties is requesting authorization to construct its flex-space building prior to the City conveying title to the north portion of Disposition Parcel No. 20B. Title to this property is expected to be transferred to the Redeveloper in June 1997. The License Agreement will stipulate that the Redeveloper shall conduct the work at its sole cost and risk of obtaining title to the property.