

**CITY COUNCIL
COMMUNICATION:**

03-065

AGENDA:

FEBRUARY 10, 2003

SUBJECT:

AUTHORIZATION
TO PROCEED WITH
NEGOTIATION OF
PRELIMINARY
TERMS OF
AGREEMENT FOR
A
REDEVELOPMENT
PROPOSAL WITH
SOHO
DEVELOPMENT,
LLC AND
ACQUISITION OF
LAND

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

SYNOPSIS —

On the February 10, 2003, City Council agenda is a roll call authorizing the City Manager to negotiate the preliminary terms of agreement for a Developer-Initiated Redevelopment Proposal with SOHO Development, LLC (Tony DeAngelo, Chief Executive Officer, 5813 Waterbury Circle, Des Moines, Iowa). The preliminary terms of agreement will outline the parameters of the redevelopment project located in the East Village Study Block (East 4th to East 5th, East Grand to East Locust). If the Council approves the preliminary terms of agreement, our intention is to work with the developer to prepare a developer-initiated proposal.

In a separate roll call, Council is asked to establish fair market value at \$565,000 plus closing costs and authorize the acquisition for properties located at the northeast corner of East Grand and East 4th and at the southeast corner of Des Moines Street and East 4th by gift, negotiation, or condemnation. The parcels will be utilized for surface parking in conjunction with redevelopment projects in the Eastern Gateway, including the SOHO Development project.

FISCAL IMPACT —

The preliminary terms of agreement will contain the parameters of the City's financial participation in the SOHO redevelopment project.

The City will pay an estimated total of \$606,000 (acquisition and demolition) for the former Dewey Collision Center properties. The acquisition funds are available from the proceeds of the Tax Increment Financing (TIF) backed General Obligation bonds issued for the Gateway Project.

RECOMMENDATION —

- 1. Authorize the City Manager to negotiate the preliminary terms of agreement with SOHO Development, LLC.**
- 2. Establish fair market value at \$565,000 plus closing costs and authorize the acquisition for properties located at the northeast corner of East Grand and East 4th and at the southeast corner of Des Moines Street and East 4th by gift, negotiation, or condemnation.**

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PAGE TWO

BACKGROUND —

On May 4, 1998, by Roll Call No. 98-1468, the Capitol Gateway East Urban Design Plan was approved by City Council. The Plan identified four catalytic initiatives for revitalization of the Eastern Gateway, one being the redevelopment of the commercial node at the intersection of East Locust and East 5th. On July 8, 2002, by Roll Call No. 02-1762, the Council approved the amended East Village Study Block Development Plan and Guidelines. The design plan encourages rehabilitation and compatible redevelopment of the blocks bounding the East 5th and East Locust intersection.

SOHO Development, LLC is proposing a mixed-use development located in the Study Block. The project would encompass the properties currently occupied by Betts Hardware, the Thai Grocery, the City-owned parking lot, and a small private parking lot.

As currently configured, the project would contain retail and restaurant space and parking on the ground floor; commercial office, residential condominiums, and parking on the second floor; and residential condominiums on the third and fourth floors. Underground parking and structured on-site parking would meet the majority of parking needs. On-street parking and off-site surface parking would meet the remainder of the project's parking requirements. The project would contain 78 residential units, over 30,000 square feet of retail/restaurant space, and just over 13,000 square feet of commercial office space.

The anticipated project sequence is as follows:

- City Manager negotiates preliminary terms of agreement for developer-initiated proposal.
- Council approves preliminary terms of agreement and directs City Manager to prepare contract documents for developer-initiated proposal.
- Developer submits signed contract and all required attachments (including but not limited to site plan, project elevations, floor plans, proof of financing, narrative outlining experience of project team, project sources and uses, and proforma) to City Manager.
- Staff reviews submissions and develops competitive offering documents, including minimum development requirements, as required by Urban Renewal regulations.
- Council accepts proposal and sets competitive offering period.
- Urban Design Review Board accepts competing proposals and

reviews all competing proposals and original developer-initiated proposal according to minimum development requirements. The Board forwards recommendation to Council.

- Council enters into development agreement.

This project will also require an amendment to the Metro Center Urban Renewal Plan and to the East Village Development Plan and Guidelines.