

**CITY COUNCIL
COMMUNICATION:**

03-183

AGENDA:

APRIL 21, 2003

SUBJECT:

10TH STREET
PROJECT—
PRELIMINARY PROJECT
APPROVAL

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 April 21, 2003 Council agenda are two roll calls for a proposed housing project on 10th Street between Mulberry and Cherry. The Developer for the project is the Massman Group, LLC (Ed Massman, 6932 Lakeshore Drive, Dallas, Texas 75214).

The roll calls are as follows:

1. Roll call to approve the preliminary terms of agreement for the 10th Street Project.
2. Roll call to review and recommend approval of the Massman Group, LLC's application for Enterprise Zone Tax Credits to the Des Moines Enterprise Commission.

FISCAL IMPACT —

Per the preliminary terms of agreement, the City will replace the sidewalk in front of the two buildings and the adjacent parking lot. The cost to replace the sidewalk is estimated to be \$50,000 and will be funded out of the Enterprise account.

The enterprise zone benefits are State of Iowa corporate income tax credits and will have no effect on the General Fund. The enterprise zone tax exemption schedule provides for a tax credit equal to 10 percent of the project's cost, excluding land costs, and will have no fiscal impact on the General Fund.

The development is eligible for 10-year 100% tax abatement on the improvements.

RECOMMENDATION —

Council is asked to take the following actions:

1. Approve preliminary terms of agreement for the 10th Street Project subject to execution of a Development Agreement. The agreement will establish the requirements for the construction.
2. Recommend approval of the Massman Group, LLC's Enterprise Zone Tax Credit application to the Des Moines

Enterprise Commission.

BACKGROUND —

Based on discussions with the Massman Group, LLC, preliminary terms of agreement have been reached. The following general points comprise the key features that will be defined in detail as part of a formal development agreement between the City and the Massman Group, LLC.

1. The Massman Group, LLC will rehabilitate two structures at 110 and 112 10th Street into 94 residential units.
2. The total project cost will be at least \$8,000,000.
3. The Massman Group, LLC and the City agree that the State of Iowa approval of the Enterprise Zone Tax Credits application is a condition of the final Development Agreement.
4. The City will initiate the process to vacate and sell to the Massman Group, LLC the east one-half of the east/west alley adjacent to and adjoining 110 and 112 10th Street. The vacated alley would be sold with a no-build easement.
5. The City will replace the sidewalk in front of 110, 112, and 120 10th Street.
6. The City will remove the parking meters in front of 110 and 112 10th Street and designate the spaces as 20-minute loading zones.
7. Subject to a public hearing process, the City will lease to the Developer parking spaces in the City-owned surface parking lot located in the vicinity of 12th and Cherry for a fixed rate for a period of five (5) years. This lease will provide for annual extensions for a period of an additional 15 years provided the City does not require use of the lot for the future park & ride improvements. If the City does require the use of the lot, the City will identify replacement parking options within the vicinity of the development. The lease rate for the replacement parking will be the prevailing rate.
8. Other terms and conditions of the Development Agreement will be negotiated with the Massman Group, LLC and presented for Council approval.

The Downtown Des Moines Neighborhood Association will meet on April 23rd to review the application. If the group does not recommend approval of the application, the project will not be presented to the Des Moines Enterprise Commission until the



issues are resolved.