

**CITY COUNCIL
COMMUNICATION:**

03-333

AGENDA:

JULY 14, 2003

SUBJECT:

COURT AVENUE
REDEVELOPMENT

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

ITEM 87

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

SYNOPSIS —

On the July 14, 2003, Council agenda is a roll call to receive, file, and defer the action on the recommendation of the Court Avenue Housing Fund (CAHF) and Court Avenue Housing Committee for the next phase of redevelopment in the Court Avenue Neighborhood, and to authorize the City Manager to conduct an analysis of the proposals. The proposed schedule calls for the Council to consider the City Manager's analysis and the Committee's recommendation on August 11, 2003.

FISCAL IMPACT —

City staff will complete a thorough financial analysis of the proposals as outlined below.

RECOMMENDATION —

Council is asked to:

1. **Defer action on the recommendation from the CAHF and the Court Avenue Housing Committee until staff prepares an analysis of all proposals.**
2. **Authorize the City Manager to conduct an analysis of the four proposals received by the CAHF, plus the "blended" proposal as recommended by the CAHF and the Court Avenue Housing Committee, with the following stipulations:**
 - a. **The analysis shall be based on the proposals submitted to the CAHF. Developers are permitted to provide additional information if requested by staff in order to clarify information already provided, but no material modifications of the proposals are to be considered. Further, at the suggestion of City Manager Anderson, requests by staff for additional information as well as responses from developers must be in writing in order to be considered in the analysis.**
 - b. **The analysis is to provide a complete description of the housing, commercial, and other components as contained in each proposal.**
 - c. **The analysis shall evaluate the fiscal impact on the City, including an estimate of the amount of public subsidy required to support each proposal after taking into account available tax abatements as**

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authorized by Council and tax credits. Staff will also identify potential funding sources that may be available to cover the cost of public subsidies such as HOME funds, TIF, land write-down, etc. In preparing the fiscal impact analysis, staff will endeavor to provide data that results in an accurate comparative analysis of like components of each proposal. For example, staff will use the same assumptions regarding percentage of affordable rental units so that the resulting analysis results in a fair comparison among the various proposals.

- d. The analysis shall identify similar projects completed by each developer.
3. Council consideration of the Court Avenue Housing Committee's recommendation will be scheduled for August 11, 2003. The City Manager's analysis will be completed and available for review in advance of the meeting.

BACKGROUND —

On September 11, 2000, Council received and filed the Court Avenue District Plan and preliminarily approved public investment in the Court Avenue District. On April 12, 2002, the Council approved several roll calls concerning the financing package for Vine Street Lofts/Water Street Brownstones, the first project in the area resulting from the planning effort.

The Council and the business community reaffirmed their commitment to the redevelopment of the Court Avenue Neighborhood in December 2002. Toward this end, on December 16, 2002, by Roll Call No. 02-2982, the Council approved the reconstitution of the Court Avenue Housing Committee to guide the redevelopment planning process in the Court Avenue District. The Council also reconfirmed the role of Downtown Community Alliance as the project lead in order to formulate development proposals and identify potential developers.

On March 7, 2003, the Court Avenue Housing Fund, LLC (the CAHF) solicited proposals for housing development in the neighborhood of Court Avenue for specific projects on sites controlled by the CAHF, the City of Des Moines, and the Neighborhood Improvement Corporation. The Request for Proposals (RFP) represented 232,352 square feet of land for redevelopment along with approximately 98,000 square feet of possible adoptive reuse buildings. While the CAHF was primarily focused on these specific properties, it was also interested in other property opportunities. Developers were encouraged to examine all potential projects in the area and to submit proposals accordingly.

Four developers submitted proposals in response to the RFP—Community Housing Initiatives (Doug LaBounty, Spencer, Iowa), MetroPlains (Gary Stenson, St. Paul, Minnesota), Lander Sherman Urban Development (George Sherman and Michael Lander, Minneapolis, Minnesota), and Court Avenue Partners (Harry Bookey and Jim Hubbell, Des Moines, Iowa). Council Members were provided with complete copies of the proposals last week.

To determine the most qualified developer, the CAHF selection committee evaluated the following areas: financial capacity, specific development scheme, experience and quality of prior projects, references, proposed financial structure, parking plan, and development timeline.

Based on the above criteria, the CAHF recommended that MetroPlains redevelop Spaghetti Works and the City-owned parcels between 3rd and 4th Streets and that Lander Sherman Urban Development redevelop the City-owned parcels between 4th and 5th Streets and the NIC-owned property between 2nd and 3rd. This hybrid redevelopment scheme has the lowest subsidy per unit, contains rental and ownership housing units, commercial space on the first floors along Court Avenue, and would be implemented over time. The phasing is important due to market absorption as well as funding limitations.

At their meeting of July 3, 2003, the Court Avenue Housing Committee received the CAHF recommendation. The Committee voted to forward the recommendation to Council with the condition that City staff complete a detailed review and analysis of the proposals.

NEXT STEPS

Assuming Council identifies a developer(s) on August 11, 2003, the following process will be followed:

- Staff will proceed to negotiate a development agreement and complete the supporting documents required for a developer-initiated proposal to purchase City-owned urban renewal property. It is anticipated that proposals will be modified during the negotiation process to address financial feasibility, phasing, and specific needs identified by Council.
- The completed proposal will be submitted to the Urban Renewal Design Review Board for review and recommendation.
- Council will receive the developer-initiated proposal, the minimum development requirements and the competitive criteria, state its intent to enter into a contract(s) with the developer(s) if no competing proposals are received, and set the date of public hearing.
- After the bidding period has closed and assuming that no competing proposals are received, the Council will enter into a development agreement(s) with the developer(s). A public hearing is required.

