

**CITY COUNCIL
COMMUNICATION:**

03-336

AGENDA:

JULY 14, 2003

SUBJECT:

PUBLIC HEARING
FOR SALE OF
FORMER STEW
HANSEN SITE
(MARTIN LUTHER
KING, JR.
PARKWAY AND
INGERSOLL)

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 June 23, 2003, Council approved by Roll Call No. 03-1449 to set date of hearing for July 14, 2003 and authorize publication of a newspaper notice on the sale of City-owned property at the northwest corner of Martin Luther King, Jr. (MLK) Parkway and Ingersoll (locally known as 2103 Ingersoll Avenue) to Knapp Properties, Inc. (Gerry Neugent, 5000 Westown Parkway, Suite 100, West Des Moines, IA 50266). The proposed project for the site is a medical office and residential development.

FISCAL IMPACT —

Sale of Lot D – 64,204 sq.ft. @ \$8.25/sq.ft. = \$529,684
Sale of Lot B – 34,014 sq.ft. @ \$4.00/sq.ft. = \$136,056
Total Sale Price = \$665,740

The City will retain Lot C for future development. Please see map attached to the roll call for parcel identification.

Sale prices differ based on commercial vs. residential valuations. Please see below for valuation discussion.

RECOMMENDATION —

Approval.

BACKGROUND —

On June 9, 2003, by Roll Call No. 03-1368, Council directed staff to proceed with negotiations with Knapp Properties for the potential sale and development of this site.

The planned use of the site is an 8,500± sq.ft. medical clinic to replace the existing Ingersoll Family Physicians facility at 3714 Ingersoll. The north portion of the site, along High Street, will include residential development. The master plan for this site is still under development, and the final number of residential units has yet to be determined. Major sewer work, scheduled as early as 2004, will take place on the north edge of the site. Residential development will take place after the sewer improvements are completed.

The conceptual plan for this proposed project was presented to the leaders of

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the Sherman Hill Neighborhood, Woodland Heights Neighborhood, and Ingersoll Area Association on June 5, 2003 and the Ingersoll Planning Committee on June 11, 2003. The four groups expressed approval of the preliminary master plan, and the developer agreed to consult the neighborhood groups when finalizing the details of the project. Iowa Health System has also made a subsequent presentation to the Woodland Heights Association, and Iowa Health System has received a letter of encouragement and support from the association's co-chair.

The City acquired this site as part of the MLK Parkway expansion. The offer to purchase this site for \$1,400,000 was approved by Council on July 23, 2001, by Roll Call No. 01-2249. This purchase price included the land and building. The building has since been razed and the land was appraised at \$8.25/sq.ft. or approximately \$1,015,000 on February 12, 2003.

The City Manager's Office, Community Development Department, and Office of Economic Development have examined potential development scenarios for this site and have determined that it is in the best interest of the City to pursue mixed-use development on this site, specifically, residential development on Lots B and C. Because residential property generally carries a lower value than commercial property, the Real Estate Division of the Engineering Department has established a fair market value of \$4.00/sq.ft. for Lot B.

