

**CITY COUNCIL
COMMUNICATION:**

03-380

AGENDA:

AUGUST 11, 2003

SUBJECT:

REQUEST TO
PURCHASE CITY-
OWNED PROPERTY
AT 1600-1614 SIXTH
AVENUE/METRO
CENTER URBAN
RENEWAL AREA
NEIGHBORHOOD
DEVELOPMENT
CORPORATION

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

LARRY HULSE
COMMUNITY
DEVELOPMENT
DIRECTOR
DESIGNEE

ITEM _____

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

SYNOPSIS —

On the August 11, 2003, City Council agenda is a roll call to refer a request to purchase and redevelop City-owned property located at 1600-1614 Sixth Avenue, the northwest corner of Sixth and College Avenues, by the Neighborhood Development Corporation (NDC) [Carol Bower, Executive Director, 1912 Sixth Avenue, Des Moines] to the City Manager and appropriate boards and commissions for review and recommendation.

FISCAL IMPACT —

These properties were acquired with Community Development Block Grant (CDBG) funds for approximately \$232,000. Since acquisition, the City has paid for securing the properties, demolition, temporary repairs, and general maintenance. According to NDC's development concept, the City would sell the properties for \$1 and provide \$650,000 of the CDBG funds to assist this neighborhood development project to the NDC. The City would spend the remaining CDBG funds previously allocated to this project, approximately \$15,000, on sidewalk and curb repairs around the site.

RECOMMENDATION —

Referral to the City Manager and appropriate boards and commissions for review and recommendation. The City Manager (or designee) will work with NDC to generate the completed developer-initiated proposal for Council consideration at the earliest possible date.

BACKGROUND —

Acquisition and Disposition

In 1997-98, the City acquired five commercial properties located at 1600-1614 Sixth Avenue (the northwest corner of Sixth and College Avenues) using CDBG funds to facilitate redevelopment in the River Bend neighborhood. These properties contained about 33,000 square feet.

Because these properties, known as Disposition Parcel 98-A /Metro Center Urban Renewal Area, were acquired through the Sixth Avenue Urban Renewal Plan (now part of the Metro Center Urban Renewal

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Plan), it is necessary to sell the properties through an urban renewal offering, which will include the required forms and contract, and a minimum 30-day competitive offering period after the required public notice is published.

Redevelopment Proposal

NDC would like to make a two-phase development proposal through the developer-initiated urban renewal process to purchase the City-owned property after its development concept is reviewed by the Plan and Zoning Commission for resolution of some zoning issues.

Phase I Development: NDC's redevelopment concept is to purchase the entire City property for \$1, receive \$650,000 of the project's CDBG allocation to rehabilitate an existing building (the Wherry Block structure), and construct a new adjoining 2,890 square foot building. Jeffery Morgan Architecture Studio (522 East Grand Avenue, Des Moines) has provided a conceptual drawing. Estimated total costs are about \$910,000 with bank financing of \$350,000 and CDBG, as proposed, for the remaining \$650,000. Phase I will use about 40% of the City's site (about 13,000 square feet).

NDC has received letters of intent to lease this space for a variety of business and retail uses that include a bookstore, coffee shop, and attorney's office. Construction would begin in fall 2003.

NDC would construct and initially own the project. It is working with the St. Paul AME Church (1201 Day Street) that proposes to establish a community development corporation, to be known as the Richard Allen Development Corporation, which may then purchase and operate the development.

Phase II Development: The second phase of development consists of the remaining City property that would be combined with adjacent properties that NDC has purchased or is in the process of purchasing which creates a 46,000+ square foot site. NDC will offer the property to private developers in 2004.

It is anticipated that the City's urban renewal contract will provide for a reversion of the land to the City if the Phase II development does not proceed in a timely manner.

Other

The revitalization of the Sixth Avenue corridor and this site in particular were identified in the River Bend Neighborhood Plan (Roll Call No. 92-892) and the Sixth Avenue Plan (Roll Call No. 94-1868). In 2000, the City issued a request for redevelopment proposals for this site and received a letter from NDC indicating its interest.

NDC recognized that for a development at this location to be successful, a market study was needed. With assistance from the

Annie E. Casey Foundation, NDC hired RDG Crose-Gardener-Shukert/Economic Research Associates to update the Sixth Avenue Plan and conduct a market analysis. The updated plan and market study have been used by NDC to create their development concept for the site.

During the 2000 neighborhood evaluation process, it was determined the River Bend Neighborhood would remain in the Designated Neighborhood Program until the Sixth and College Avenues and the Sixth and University Avenues projects were completed (Roll Call No. 00-3260). The new Top Value Grocery Store and McDonalds Restaurant are now open at Sixth and University. Completion of the Sixth and College project would allow the River Bend Neighborhood to graduate from the program.