

**CITY COUNCIL
COMMUNICATION:**

03-469

AGENDA:

SEPTEMBER 22, 2003

SUBJECT:

EAST VILLAGE
STUDY BLOCK
DEVELOPMENT
PLAN AND
GUIDELINES

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 July 8, 2002, by Roll Call No. 02-1762, Council approved the East Village Study Block Development Plan as amended and approved an implementation timeline for Phase I and Phase II of the project.

Council is asked to approve an amendment to the implementation timeline.

FISCAL IMPACT —

This amendment has no fiscal impact.

RECOMMENDATION —

Approve an amendment to the implementation timeline as follows:

October 2003: Architect selected to complete structural and façade improvement plan.

November 2003: Structural/façade improvement plan completed.

May 2004: Memorandum of Understanding (MOU) signed by City and property owners. The MOU will outline:

- Improvements to be made, including structural and façade improvements.
- Construction timeline.

June 2004: If the property owner and the City of Des Moines is unable to settle on the terms and conditions of the MOU, the City will proceed with the acquisition of the property.

July – December 2004: Acquisition completed of properties for which no MOU is signed.

BACKGROUND —

On the May 22, 2000, by Roll Call No. 00-1495, the City Council received and filed the Eastern Gateway Study Block Final Report and Recommendations. The report was referred to the Architectural Advisory Committee, the Plan and Zoning Commission, the Urban Renewal Board, the Historic District Commission, the Park and Recreation Board, and the Traffic Safety Board for review and comment.

**CITY COUNCIL
COMMUNICATION**

03-469

SEPTEMBER 22, 2003

PAGE TWO

On July 8, 2002, by Roll Call No. 02-1762, Council approved the Development Plan as recommended by the consultant except for one change. The Council amended the redevelopment parcel identified at the corner of East 4th and East Locust to include all of the Betts Hardware property, not just the parking lot as recommended in the plan. Council also approved an implementation timeline for Phase I and Phase II of the project. July 1, 2002, was established as the project start date. The timeline, as approved by Council, was as follows:

Year 1: Beginning at the point of the City adoption of this report's finding and recommendation (July 2002), property owners will be required within one year to demonstrate substantial progress toward rehabilitation and improved occupancy of existing buildings.

Year 2: Beginning July 2003, the owners of properties not making progress toward rehabilitation will be encouraged to sell the property to a developer for rehabilitation. The City may assist in this process. If the sale of the property has not occurred or is not underway by December 2003, the City may begin acquisition of the property on a voluntary basis if sufficient funding is available.

Year 3: By July 2003, all feasible rehabilitation activity should be underway with a realistic completion date. If the rehabilitation projects are not completed by December 2004, the City will complete property acquisition through eminent domain (July 1, 2003-June 30, 2005) if sufficient funding is available.

Because "substantial progress toward rehabilitation and improved occupancy" was not clearly defined and because recent redevelopment proposals have emphasized the importance of improving the façades of the existing structures, it is necessary to clarify and amend the implementation timeline.

The Eastern Village Study Block Development Plan and Guidelines is consistent with the "catalytic initiatives" identified in the Capitol Gateway East Urban Design Plan that was approved by City Council on May 4, 1998, by Roll Call No. 98-1468. The design plan encourages rehabilitation and compatible redevelopment of the blocks bounding the East 5th and East Locust intersection.

The East Village Study Block is one of the key blocks in this area. A feasibility study on this specific block was initiated in order to develop an acceptable strategy for improving the block. A consultant team composed of Development Strategies, Inc. (10 South Broadway, Suite 1640, St. Louis, Missouri) and Brooks Borg Skiles Architecture Engineering (Bank of America Building, Des Moines, Iowa) was selected to complete a development plan for the selected area.

Since the completion of the plan, staff has moved forward with activities that support this plan. A summary of these activities follows:

**CITY COUNCIL
COMMUNICATION**

03-469

SEPTEMBER 22, 2003

PAGE THREE

- a. Acquisition of 425 East Grand: The property at 425 East Grand contained two cinder block buildings occupied by an ambulance service. The property has been purchased and a surface parking lot constructed.
- b. Urban Restoration Pre-development Loan Program: One of the biggest obstacles to the rehabilitation of the late-19th century commercial buildings in the study block is inadequate information. A pre-development loan program has been established to assist owners in conducting a feasibility analysis for their buildings. Up to \$30,000 is available for structural, architectural, market feasibility, and financial analysis. The funds are in the form of a deferred-payment loan that is repaid at the time of construction financing. If the project is not feasible, the loan is forgiven.
- c. Property Acquisition: Staff is in the final stages of negotiation to purchase three parcels formerly occupied by Dewey Ford—the former showroom, the used car lot, and the collision center property. The used car lot and the collision center properties will be used in the short-term as surface parking to support redevelopment activities in the Eastern Gateway, including the study block. The former Dewey Ford Showroom property will be redeveloped as a mixed-use development.
- d. Preliminary Terms of Agreement, Soho Development, Betts Hardware Site: On May 19, 2003, Council accepted and approved the preliminary terms of agreement with Soho Development, L.L.C. (Tony DeAngelo, Chief Executive Officer, 5813 Waterbury Circle, Des Moines, Iowa). The City will provide up to \$1,398,780 (net present value of \$980,000) over 12 years to the developer. The developer will construct a mixed-use development containing 31 condominium units and retail and restaurant space on the ground floor.
- e. Redevelopment of former Dewey Ford Showroom: At their September 8, 2003 meeting, Council directed staff to work with East Village Square Development (Knapp Properties, Inc., Neighborhood Investment Corporation, and Hatch Development Group) to negotiate the urban renewal contract and prepare a developer-initiated urban renewal proposal for the former Dewey Ford Showroom site. Council also directed staff to work with East Village LLC (John Burgeson and Doug Wells) in finding an alternative location.

