

COUNCIL COMMUNICATION

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| Agenda Item: |
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City Manager's Office

GENERAL INFORMATION—

Agenda Date: 1/12/04
04-010

Communication No.:

Agenda Item Type: Resolution

Roll Call No:

Submitted by: Richard Clark, Deputy City Manager

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SUBJECT—

Accept Neighborhood Development Corporation proposal to purchase and redevelop Wherry Block Building (1600 6th Ave.) and adjacent vacant property (1602-1620 6th Ave., Disposition Parcel No. 98-B-Metro Center Urban Renewal Area) and open competing proposal period.

SYNOPSIS—

The City purchased property located at the NW corner of 6th and College Ave.(1600 –1620 6th Ave.) for neighborhood redevelopment as part of the former 6th Ave. Urban Renewal Plan which has since been incorporated into the Metro Center Urban Renewal Plan.

The City has received a proposal to purchase the property from the Neighborhood Development Corporation (Carol Bower, Executive Director, 1912 6th Ave./Des Moines, IA). In response, the City of Des Moines is offering this property, known as Disposition Parcel No. 98-B, through the developer-initiated urban renewal process in which competitors are provided with an opportunity make a counter-proposal that must meet and exceed the proposal the City has received.

The successful developer will be required to rehabilitate a National Register of Historic Places' structure – known as the Wherry Block Building – and undertake new adjacent construction that will provide neighborhood commercial/retail space and housing.

FISCAL IMPACT—

NDC proposes to use up to \$635,000 in allocated CDBG funds for the reconstruction of the Wherry Building. The remaining funds for the Phase I development will be provided by NDC. Tax abatement is eligible by "right" for development projects in this area.

RECOMMENDATION—

Approval of Roll Call to Receive Neighborhood Development Corporation redevelopment proposal, approve development requirements and set period for receipt of competing bid proposals and execution of redevelopment contract with Neighborhood Development Corporation if no competing proposals are received.

BACKGROUND—

The City has undertaken several evaluations of the Wherry Block Building to determine its structural and financial feasibility for redevelopment. The conclusions from these reports stated the structure, built in 1888, requires extensive work and financial assistance to make redevelopment feasible.

The Neighborhood Development Corporation (NDC), a private non-profit corporation, has been working with the City's Neighborhood Development Division to identify sources of funding to undertake development on the Wherry Building and the adjacent 20,000 sq. ft. of vacant land.

NDC has now proposed to purchase the Wherry Building and adjacent property for a mixed use, phased development.

Phase I:

The first phase involves rehabilitation of the Wherry Bldg. with retail/commercial on the first floor and residential; units on the 2nd floor and construction of a one story building directly to the north for additional commercial/retail uses. The buildings will front 6th Ave. with access to vehicle parking behind the buildings.

Tenants for the commercial retail space have been identified. Phase I should be completed by the end of 2004.

The estimated cost of Phase I is about \$910,000 with \$650,00 provided through the City's CDBG program and the remainder financed by NDC. Tax abatement (10 year/100% will be utilized). NDC has requested the sale price of the property be set at \$1.

Phase II

NDC has proposed construction, within the next 3 years, of an approximate 16,300 sq. ft. one story building that would front 6th Ave., using a comparable architectural style to the Wherry Building and its addition. Financing and tenants have not been identified. Phase II should be completed by 2007.

The Urban Design Review Board, at its December 16, 2003 meeting, recommended approval of the NDC proposal to rehabilitate the Wherry Block Building and undertake new construction in accordance with the proposed minimum development requirements and competitive criteria.

The proposed minimum development requirements for this property detail site and building standards that must be met in order to purchase the property. Special attention is required to retain the architectural integrity of the Wherry Block Building and integrating the adjacent new development in a compatible manner.