



Agenda Item:

64

COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 03/07/05
103

Communication No.: 05-

Agenda Item Type: Resolution
No.:

Roll Call

Submitted by: Richard Clark, Deputy City Manager

SUBJECT—

Approval of Addendum to Development Agreement and Conceptual Design Plans for East Village Square Apartments (Former Dewey Ford Auto Showroom/Metro Center Urban Renewal Area); and,

Approval of HOME documents with Iowa Department of Economic Development for East Village Square project. On February 8, 2005 Council delayed action on this item for one week in order to allow time for staff to address issues identified by Historic East Village, Inc., and East Des Moines Chamber of Commerce. Staff will report to Council on these discussions at the Council workshop scheduled for March 7.

SYNOPSIS—

On the February 28, 2005 Council agenda are three items relating to the East Village Square redevelopment project being undertaken by East Village Square Apartments L.P., a limited liability partnership. Neighborhood Investment Corporation is the general partner, and Robert Mickle is the corporation's President.

The first is a communication from the Urban Design Review Board regarding their review of the East Village Square conceptual design plans.

The second is the resolution to approve an Addendum to the Development Agreement and to approve the East Village Square conceptual development plans. The Addendum memorializes

the intent of the City and the Developer to encourage the use of the first floor apartments by tenants who intend to live and operate a retail business in the space, and to encourage the future conversion of the first floor to commercial retail space when permitted by the applicable state and federal requirements. The conceptual development plans are on file in the office of the City Clerk, and based on the review and recommendation of the Urban Design Review Board, we find the plans to be in substantial compliance with the conditions of the Urban Renewal Development Agreement by and between the City and East Village Square Partners, LP.

The third roll call is a resolution to approve the HOME program loan and documents for the East Village Square project. This is essentially a funding agreement between the City and the State, which provides \$800,000 in State HOME funds for the project. The contract between the City and the developer (East Village Square Partners) approved on December 6, 2004 included these HOME funds as part of the economic development assistance for the project.

FISCAL IMPACT—

These actions do not change the City’s financial obligations for this project.

RECOMMENDATION—

Approval

BACKGROUND—

Project Chronology:

Following is the chronology of the Council actions regarding the redevelopment of the former Dewey Auto Showroom site:

<u>Date</u>	<u>Roll</u>	<u>Call</u>	<u>Action</u>
6/23/2003	03-1481		Council approves Request For Proposals for the redevelopment of the former Dewey Auto Showroom site.
9/8/2003	03-2100		Council authorizes staff to negotiate terms of redevelopment proposal for East Village Square.
11/21/03	03-2651		Council approves preliminary terms of agreement for East Village Square.
7/26/2004	04-1587		Council approves revised preliminary terms of agreement for East Village Square. Substantial changes include elimination of ground floor commercial and elimination of underground parking.
12/6/2004	04-2661		Council approves Urban Renewal Development Agreement with East Village Square Partners, LP for the construction of 109 apartments.

Urban Design Review Board Action:

At their meeting of February 15, 2005, the Urban Design Review Board voted 4-2 to approve the Conceptual Design Plans for the East Village Square project. More detail is contained in the letter from the Board to the Council on file with the City Clerk.

Addendum to Development Agreement:

In response to issues identified at last Monday's Council meeting, staff is working with the developer to prepare an Addendum to the Development agreement that would stipulate the City's consent to the conversion of the first floor live/work units to commercial/retail use when such conversion becomes allowable under applicable statutes. With the consent of the other participating parties we believe these conversion could occur at the end of 15 years rather than the 40 years asserted previously. We will provide a copy of the Addendum to council at the workshop on March 7, and it will be on file with the City Clerk.

Conceptual Design Plan:

The East Village Square Conceptual Design Plan substantially meets the Minimum Development Requirements and the Eastern Gateway District Area “1” Design Guidelines. The design plans and a point-by-point staff analysis are on file with the City Clerk.

HOME Funding

Per the Urban Renewal Development Agreement, the City is to seek agreement with the Iowa Department of Economic Development (IDED) for a HOME loan in the amount of \$800,000 to be passed through the City to the Developer. The HOME documents include the HOME Master Contract, the HOME Funding Agreement and the Agreement for Covenants and Restrictions. The HOME documents between the City and IDED establish an interest rate and repayment date consistent with the Development Agreement between the City and the Developer. The Developer is a party to only the Agreement for Covenants and Restrictions that impose binding covenants upon all future owners of the subject property. This Council action will approve these documents, allow the legal department to make minor changes to the HOME documents as required with the approval of the City Manager, and authorize the City Manager to approve a repayment schedule consistent with the HOME documents and Development Agreement.