



Agenda Item:

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COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

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Submitted by: Richard Clark, Deputy City Manager

SUBJECT—

Update on rehabilitation of properties in the East Village “Study Block.”

SYNOPSIS—

Several owners of property located in the East Village “Study Block” have not undertaken efforts to improve the appearance of their structures. As follow-up on those properties, staff is directed to negotiate agreements or Memorandums of Understanding (MOUs) with the owners of property in the Study Block to eliminate blighting influences. If the terms for such agreements cannot be mutually agreed upon, City staff will prepare an amendment to the Metro Center Urban Renewal Plan for consideration by the City Council to provide for acquisition and disposition of properties in the Study Block necessary to eliminate blighting influences.

FISCAL IMPACT—

The financial impact is unknown at this time.

RECOMMENDATION—

Approval

BACKGROUND—

A general objective of the Metro Center Urban Renewal Plan is to encourage the elimination of blighting influences “which detract from the functional unity, aesthetic appearance and economic welfare of this important (downtown) section of the City and establish conditions which will attract new investments and prevent the recurrence of blight and blighting conditions.” Among the City project proposals set forth in the Urban Renewal Plan is the rehabilitation of structures which states, “the goal of property rehabilitation is to provide safe, sanitary, functional and attractive conditions which are compatible with the intended use of the area in which buildings are located and to eliminate the blighting influence which any such buildings may have on their surrounding environment.”

On May 22, 2000 by Roll Call No. 00-1495, the City Council received and filed the Eastern Gateway Study Block Final Report and Recommendations that detailed actions the City should undertake to revitalize this key block in the East Village. (The “Study Block” is the property bounded by E. 4th & E. 5th St. between E. Grand Ave. and East Locust Street).

The report was referred for review and comment to the Architectural Advisory Committee, Plan and Zoning Commission, Urban Renewal Board, Historic District Commission, Park and Recreation Board and the Traffic Safety Board.

On July 8, 2002, by Roll Call No. 02-1762, Council received the various board and commission comments and approved the Development Plan contained in this report, with one exception: the Council amended the redevelopment parcel at the corner of East 4th and East Locust Streets to include the entire Betts Hardware property.

At the same meeting, 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.

July 1, 2002: Beginning with the City adoption of this report’s recommendations, property owners will be required to demonstrate substantial progress toward rehabilitation and improved occupancy of existing buildings within one year.

July 1, 2003: 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.

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 redevelopment projects were emphasizing the importance of improving the façades of the existing structures, it was necessary to amend the implementation timeline. On September 22, 2003, by Roll Call No. 03-2206, the Council amended the timeline for completion of improvements for individual properties to require the following actions:

- October 2003: The property owner must select an architect or other development professional to complete structural and façade improvement plan.
- November 2003: The individual property’s structural/façade improvement plan is to be completed.
- May 2004: Memorandum of Understanding (MOU) is to be signed by City and property owners. The MOU will outline the improvements to be made including structural and façade improvements and a construction timeline.
- June 2004: If the property owner and the City of Des Moines are unable to settle on the terms and conditions of the MOU, the City will proceed with the acquisition of the property, subject to availability of funding.
- July – Dec. 2004: Acquisition completed of properties with no MOU is signed.

Although no agreements or MOUs have been signed with property owners in the East Village Study Block, considerable progress has been made toward the goals of improving building appearances and occupancy rates.

In the past three years, the significant number of exterior improvements to “Study Block” properties have attracted many new businesses to the area, greatly increasing the occupancy rates of these structures and enlarging the retail traffic. In addition, property values have increased, due in part to the improvements made by the property owners using City loan programs.

However, there have been several exceptions in which the desired improvements and improved occupancies have not occurred on properties within the Study Block.

Certain properties in the Study Block have languished with negligible interior or exterior improvements, have stagnant or declining assessed values, have minimal business occupancy and have continued as a blighting influence on other properties within the Block. One property in the Block has not been occupied by any business for the past 3+ years. Staff has sent written correspondence and met with property owners requesting agreements or MOUs for the rehabilitation of blighted properties.

At this time, it is appropriate to direct staff to further negotiate agreements or MOUs with the owners of blighted buildings in the Study Block. The agreements will address property owner

responsibilities necessary to conform to the Eastern Gateway design guidelines for rehabilitation set forth in the Metro Center Urban Renewal Plan.

The Urban Renewal Plan provides that the City may acquire land to assure conformance of property to the Plan and property rehabilitation standards. If satisfactory progress is not made to finalize agreements or MOUs with the owners of blighted buildings in the Block, City staff will draft appropriate amendments to the Urban Renewal Plan for consideration by the City Council showing properties in the Block for acquisition, including the potential use of eminent domain. Any properties acquired by the City within the block will then be sold for appropriate development in accordance with the Urban Renewal Plan to eliminate all blighting influences of such properties.