



Agenda Item:

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COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 12/05/05

Communication No.: 05-677

Agenda Item Type: Resolution

Roll Call

No.:

Submitted by: Richard Clark, Acting City Manager

SUBJECT—

Resolution approving Urban Renewal Development Agreement with Striggles Legacy II, LLC for redevelopment of the former Meadow Gold site and public hearing regarding vacation and conveyance of the adjacent E/W alley and an irregularly shaped section of excess Ingersoll right of way.

SYNOPSIS—

Precor Realty Advisors, Inc. (Nicholas Preftakes, President, 825 North Broadway Avenue, Suite 300, Oklahoma City, OK 73102), operating under the name Striggles Legacy II, LLC (Nick Preftakes, Managing Member, 825 North Broadway Avenue, Suite 300, Oklahoma City, OK 73102), has acquired the former Meadow Gold property at 1719 Grand Avenue. Precor Realty has completed demolition of the Meadow Gold facilities and will construct a new residential and commercial development at the site. The development will be named Gateway Lofts. Total project costs are approximately \$13.9 million.

On November 21, 2005 by roll call no. 05-2789, Council approved the preliminary terms of agreement and directed the Acting City Manager to proceed with preparation of a formal development agreement.

FISCAL IMPACT—

City will advance a grant in an amount of \$610,018 in two installments. The first installment, \$295,000, will be paid July 1, 2007 and the second, \$315,018, will be paid July 1, 2008. The City's funds shall not be released until a certificate of occupancy has been issued. The source of the City funding will be tax increment financing funds.

The City will also convey two parcels of City-owned land to the developer for \$1,000 each. The two parcels, the E/W alley and a portion of excess Ingersoll ROW, have appraised values of \$43,519 and \$107,716 respectively. In the event the developer fails to construct the development, it will be required to pay the full-appraised values for the parcels.

RECOMMENDATION—

Approval

BACKGROUND—

On March 28, 2005 by roll call no. 05-707, Council adopted the Plan and Zoning Commission's recommendation for approval of vacation and conveyance of the E/W alley.

On May 9, 2005 by roll call no. 05-1161, Council passed a resolution approving an application for Enterprise Zone benefits for Striggles Legacy II, LLC. By roll call no. 05-1162, Council passed a resolution approving the temporary closure of the E/W alley adjacent to 1719 Grand Ave. and approved a License Agreement allowing the developer to demolish the alley.

On July 18, 2005 by roll call no. 05-1662, Council adopted the Plan and Zoning Commission's recommendation for conditional approval of vacation and conveyance of the excess Ingersoll ROW. The approval was conditional upon the City Manager meeting with adjoining property owners prior to the hearing. This condition has been satisfied.

On November 21, 2005 by roll call no. 05-2789, Council approved the preliminary terms of agreement and directed the Acting City Manager to proceed with preparation of a formal development agreement. On November 21, 2005 by roll call no. 05-2790, Council set December 5, 2005 as the date of public hearing for the vacation and conveyance of adjacent City-owned land.

Precor Realty has demolished the former Meadow Gold facilities at 1719 Grand Avenue in preparation for a residential and commercial development. The three-story building has two main connected wings, one along Grand Avenue and one along 18th Street. The total building size is 134,670 gross square feet. The first floor will have 104 enclosed parking spaces and 4,576 sq.ft. of retail space along Grand Avenue. The second floor will have 40 one-story residential lofts and the third floor will have 40 two-story residential lofts for a total of 80 lofts in the building. All of the units will be market rate condominiums. The average sales price is approximately \$220,000.

At the suggestion of the City's Traffic and Transportation Department, the developer is acquiring a section of excess right of way along Ingersoll Avenue. The corner of Ingersoll and 17th will then be squared off to eliminate erratic traffic movements at the intersection and remove the unsightly island. The developer is responsible for costs of public right of way improvements including curb realignment, traffic signal relocations, and power line undergrounding along Ingersoll and 18th Street. The improvements also include new curbs and gutters, sidewalks and trees along the perimeter of the site.

Gateway Lofts' projected Sources and Uses Schedule is as follows:

Project Costs:

Acquisition and Demolition	\$ 732,500
Construction Costs	\$ 11,203,500
Commercial Buildout	\$ 183,040
Public ROW Improvements	\$ 610,018
Professional Fees	\$ 385,000
Interest	\$ 768,468
Total Construction Costs	\$ 13,882,526

Sources:

Bank Financing	\$ 11,580,991
City Assistance	\$ 610,018
Owner Equity	\$ 1,691,517
Total Sources	\$ 13,882,526
Sales Proceeds	\$ 17,764,349
Less: Commissions, Marketing Costs, Overhead	\$ (1,954,078)
Net Sales Proceeds	\$ 15,810,271
Less: Construction Costs	\$ 13,882,526
Net Profit	\$ 1,927,745

Return 14%

The City's economic development grant equals \$7,625 per residential unit. This amount compares very favorably to other downtown housing developments that have requested City assistance.



Reference Map

Conceptual Development Plan

