



Council Communication

Office of the City Manager

Date

July 24, 2006

Agenda Item No. 29

Roll Call No. 06-

Communication No. 06-462

Submitted by: **Richard A. Clark, City Manager**

AGENDA HEADING:

Resolution Setting Date of Hearing on the Eighteenth Amendment to the Restated Urban Revitalization Plan for the City-Wide Urban Revitalization Area

SYNOPSIS:

Council is requested to set the date of hearing as August 7, 2006 to amend the City's Restated Urban Revitalization Plan by providing tax abatement to encourage the development and redevelopment of commercial and light industrial uses in the E. 14th and Broadway Business Park as well as to generate high quality development on the former Northridge Mall site while protecting it from potentially incompatible development to the south. The proposed tax abatement area is located between NE 7th and NE 14th Streets bounded by Interstate 35/80 to the north and the Union Pacific Railroad to the south. Tax abatement is necessary to address the nearly \$80,000 financial gap between pre-development costs and land sales to establish the E. 14th and Broadway Business Park. Without financial assistance, the project will not proceed. Developers have not been identified for the previous Northridge Mall site.

FISCAL IMPACT:

Amount: An estimated \$686,130 of potential tax revenue over three years at full build-out, assuming 25% lot coverage and \$30/square foot assessed value on approximately 18 acres in the E. 14th and Broadway Business Park, of which 15.5 acres are vacant. Additional tax abatement will be provided if developers elect to use the 10-year declining tax abatement schedule as well as to those that build high quality projects on the former Northridge Mall site.

Funding Source: Tax abatement.

ADDITIONAL INFORMATION:

Vista Real Estate & Investment Corporation (Al Rivers, President, 2400 86th Street, Suite 24, Urbandale, IA) would like to create a business park at NE 14th Street and NE Broadway Avenue. The developer is proposing to annex the west half of the property into the City of Des Moines (now in unincorporated Polk County), subdivide the land into 9 lots, and conduct site preparation and infrastructure installation to create pad-ready commercial/light industrial sites. The property was the former headquarters of Casey's General Stores and has been vacant for the past 17 years.

Vista intends to sell the lots to small- to medium-sized businesses that would construct owner-occupied buildings. A majority of the businesses would be from East Des Moines that would like to expand and prefer to own rather than lease space. Each business would employ approximately 7 to 15 skilled and semi-skilled workers. The developer has not identified specific purchasers yet. However, based on

initial discussions with potential buyers, Vista believes that build-out will occur within five years from the date of rezoning, which Council initially approved on July 10, 2006.

In order to create pad-ready sites, the developer must conduct grading, install utilities, construct streets, relocate an electric line, remove asbestos, and make other improvements. Project costs are estimated at approximately \$1.91 million. Land sales without tax abatement are projected at \$1.83 million. As a result, costs exceed income by nearly \$80,000. Tax abatement will alleviate the negative cash flow and will provide a projected 14.9% return on investment, which is reasonable based on risk.

The Eighteenth Amendment to the Restated Urban Revitalization Plan for the City-Wide Urban Revitalization Area allows for tax abatement to be granted to projects in the E. 14th and Broadway Business Park provided that they meet certain requirements, which limit eligibility to commercial and light industrial uses and involve substantial use of masonry on exterior facades especially adjoining public streets. In addition, the developer shall construct a 25-foot wide landscaped strip adjacent to E. Broadway that consists of a minimum 2-foot high berm with 4:1 side slopes and shall install sufficient landscaping based on C-2 zoning standards. Other covenants include construction of a public sidewalk along NE Broadway Avenue and NE 14th Street and opaque screening of outside storage. The proposed tax abatement ordinance is slightly more restrictive than the zoning relative to the use of higher quality building materials on all sides of the structures. However, it allows the Community Development Director to approve alternate materials that provide an exterior appearance and durability equivalent to the permitted materials. The Eighteenth Amendment also allows for tax abatement on the former Northridge Mall site to encourage high quality development.

PREVIOUS COUNCIL ACTION(S):

Date: July 10, 2006

Roll Call Number: 06-1377

Action: [On](#) request from Vista Real Estate and Investment Corporation, and from the Plan and Zoning Commission, to rezone all or portions of property in the vicinity of the 1101 block of NE 46th Avenue in Saylor Township, from “A-1” (Agricultural) and “M-1” (Light Industrial) to Ltd. “M-1” and Ltd. “C-2” (General Retail and Highway Oriented Commercial). Moved by Mahaffey to adopt and approve the rezoning, subject to final passage of the rezoning ordinance, and with the zoning conditions to be amended to limit the prohibitions against the use of metal or synthetic stucco material below four feet above grade to apply to only those exterior facades that front an adjoining public or private street. Motion Carried 7-0.

Date: June 19, 2006

Roll Call Number: 06-1206

Action: [On](#) request from Vista Real Estate and Investment Corporation, and from the Plan and Zoning Commission, to rezone all or portions of property in the vicinity of the 1101 block of NE 46th Avenue in Saylor Township, from “A-1” (Agricultural) and “M-1” (Light Industrial) to Ltd. “M-1” or “C-2” (General Retail and Highway Oriented Commercial), (7-10-06). ([Council Communication No. 06-393](#)) Moved by Vlassis to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Date: July 6, 2006

Roll Call Number: N/A

Action: Plan & Zoning Commission recommended annexation and rezoning of property at NE 14th Street and NE Broadway Avenue, subject to prohibition of certain land uses, compliance with C-1/C-2 landscape standards and agreement on building covenants to encourage higher quality construction.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

The Plan & Zoning Commission will review the Eighteenth Amendment on August 3, 2006, and Council will be requested to approve it on August 7, 2006 and the preliminary plat for this development in August/September 2006.