



Council Communication

Office of the City Manager

Date

March 12, 2007

Agenda Item No. 49
Roll Call No. 07-
Communication No. 07-127
Submitted by: Matthew A. Anderson
Economic Development Administrator

AGENDA HEADING:

Communication from the Office of Economic Development recommending approval to proceed with a developer initiated proposal from Hatch Development Group for redevelopment of City-owned land at E. 4th and East Locust Streets.

SYNOPSIS:

On November 6, 2006, by Roll Call 06-2185, the City Council approved an extension of the closing date for the City's Put Agreement with Central Iowa Acquisitions, L.L.C. (Gerard D. Neugent, Manager, 5000 Westown Parkway, Suite 100, West Des Moines, IA 50266). The closing date was extended to January 31, 2007. The purpose of the extension was to allow the City additional time to continue negotiations with Soho Development, LLC (Tony DeAngelo, Chief Executive Officer, 13011 Woodland Parkway, Clive, Iowa 50325) for possible redevelopment of the site at the NW corner of East 4th and Locust. Soho Development has since withdrawn their proposal. Per the terms of the extension, the City has closed on the property and presently holds title.

During the extension period, Hatch Development Group, LLC (Jack Hatch, 696 18th Street, Des Moines, IA 50314) presented the City with a development proposal. The Office of Economic Development has analyzed the proposal on its quantitative and qualitative merits and feels that it would be a welcome addition to the East Village. Staff recommends proceeding with Hatch Development Group for a developer initiated proposal to be presented to City Council at a later date.

FISCAL IMPACT:

Amount: There is no direct fiscal impact with this action. Final economic terms will be brought forward to City Council as part of the developer initiated contract.

Funding Source: N/A

ADDITIONAL INFORMATION:

A summarized analytical analysis of the proposed project is presented below.

**East 4th and Locust
Project Summary**

**Hatch Development
Group**



Project Scope

Total Floors	5
Retail Space	8,462
Office Space	
Residential Sq. Ft.	37,365
Total Sq. Ft.	45,827
# of Residential Units	39
Unit Size	870 - 1,200 sq.ft.
Covered Parking	39 spaces on the 2nd Floor
Surface Parking	9
Balconies	Yes. All north units and the 5th floor south units.
Residential Sales per sq.ft	\$200

Project Financing

Total Project Costs	\$9,261,191
Land Purchase Price	\$340,000
Total City Assistance	\$600,000
<i>Installation Schedule</i>	
FY08-09	\$450,000
FY09-10	\$150,000
FY10-11	
FY11-12	
FY12-13	
FY13-14	
NPV @ 7.5%	\$548,405
Less Land Proceeds	\$340,000
Net City Assistance	\$208,405
Net Assistance per sq.ft.	\$4.55
Commercial Abatement	No
Residential Abatement	Yes
Estimated Taxable Value (after factoring residential rollback)	\$4,972,700

Misc. Relevant Information

Concept Support Letter from Neighborhood Association	Yes
Urban Design Review Board	Pending. Will take place in April.

PREVIOUS COUNCIL ACTION(S):

Date: November 6, 2006

Roll Call Number: 06-2185

Action: Third Amendment to agreement for acquisition of property at E. 4th and Locust Streets to allow an extension to January 31, 2007 for negotiations with SOHO Development LLC for possible redevelopment of the site. (Council Communication No. 06-688) Moved by Hensley to adopt. City Manager to work with any interested parties during this extension period. Motion Carried 5-0. Council Member Mahaffey declares a conflict of interest and abstains from voting.

Date: April 24, 2006

Roll Call Number: 06-778

Action: Second Amendment to Agreement for exercise of Put Agreement, for acquisition of property at E. 4th and Locust Streets, Central Iowa Acquisitions, L.L.C. (Gerard Neugent, Manager). (Council Communication No. 06-227) Moved by Hensley to adopt. Motion Carried 7-0.

Date: June 6, 2005

Roll Call Number: 05-1447

Action: Proposal by SOHO Development (Tony DeAngelo, CEO) to acquire the remainder of the Dewey Ford Showroom site at E. 4th and Locust for redevelopment for residential use with possible ground floor commercial space. Moved by Brooks to receive and file, and to direct the City Manager to negotiate the preliminary terms of an agreement with SOHO in conformance with the council communication, for further consideration by the City Council. Motion Carried 7-0.

Date: June 6, 2005

Roll Call Number: 05-1448

Action: Approving Amendment to Agreement for acquisition of property at E. 4th and Locust Streets. (Council Communication No. 05-316) Moved by Brooks to adopt. Motion Carried 7-0.

Date: December 20, 2004

Roll Call Number: 04-2687

Action: Approving Agreement for Exercise of PUT Agreement with Iowa Acquisition, Inc. for acquisition of property at E. 4th and Locust Streets. (Council Communication No. 04-640) Moved by Hensley to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- Urban Design Review Board will make a recommendation on the conceptual development plan and financial assistance package.
- The developer-initiated agreement will be presented to the City Council.

A map and conceptual drawing are attached to the roll call.