



Council Communication

Office of the City Manager

Date

August 6, 2007

Agenda Item No. 59

Roll Call No. 07-

Communication No. 07-473

Submitted by: Matthew A. Anderson,
Economic Development Administrator

AGENDA HEADING:

Accepting Developer-initiated Development Proposal from Nelson Development 15, L.L.C. to Develop Disposition Parcel No. 02-3 in Metro Center Urban Renewal Project and Approving Minimum Requirements and Competitive Process for Development.

SYNOPSIS:

Recommend acceptance of developer-initiated development proposal from Nelson Development 15, L.L.C. and approval of minimum requirements and competitive process for development of City-owned land at 230 E. Grand Avenue. Nelson Development 15, L.L.C. (Jake Christensen, 1045 76th Street, Suite 2000, West Des Moines, IA 50266) has presented the City with a 6-story, mixed-use development proposal for the property; the proposal includes 75 market-rate apartment units and 12,200 square feet of first floor retail space targeted to restaurant uses along with over 60 on-site surface parking spaces. The construction and design of the building will employ the latest green technology for energy conservation, including geothermal heating and cooling and renewable materials.

Staff has analyzed the proposal on its quantitative and qualitative merits and believes that it would be a beneficial addition to the East Village and East Grand Avenue development. Staff recommends proceeding with Nelson Development 15, L.L.C. for the developer-initiated proposal and scheduling a public hearing to be held on September 24, 2007, on the Urban Renewal Agreement and subsequent sale of property to the developer.

FISCAL IMPACT:

Amount: Approval of the proposed Urban Renewal Agreement with Nelson Development 15, L.L.C. authorizes \$1,224,000 in financial assistance to the project. The developer will pay the City \$638,000 for the property.

Funding Source: Proceeds from the property sale will be deposited into the Economic Development, CP065, CMO990000, URR099 Development Opportunities account. Funds for the economic development payments are currently identified in the Adopted CIP FY07-08 – FY12-13, Economic Development Improvements page 5, CP065, CMO990000, URR099 Development Opportunities. The Finance Department will establish a new URR account code for this project.

ADDITIONAL INFORMATION:

In 2003, the City purchased the subject property, formerly occupied by Dewey Ford Used Car Sales, when the dealership relocated the majority of its operations to Ankeny. Upon acquisition, the City

demolished the structure and utilized the parcel for surface parking with the intention that the parcel would eventually be redeveloped to support the Gateway East revitalization plan.

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Project Scope

Property size	39,858 square feet
Building floorplate	12,200
Total floors	6
Residential SF	61,000
Retail SF	12,200 SF
Total Square Feet	73,200
# residential units	75
Unit sizes	675 SF 1-bed 850-960 SF 2-bed
# surface parking spaces	63 on-site

Project Financing

Total project costs	\$12,000,000
Land purchase price	\$638,000
Total City assistance	\$1,224,000
<i>Installment Schedule</i>	
<i>At closing</i>	<i>\$638,000</i>
<i>Est. August 1, 2008</i>	<i>\$200,000</i>
<i>After July 1, 2009</i>	<i>\$386,000</i>
Assistance as % of Total Costs	10.2%
Residential abatement	Yes, 10 year, 100%
Commercial abatement	No

The assistance being proposed for this project is in line with that of other mixed-use projects receiving City assistance downtown. The project will include several extra cost items that address City goals/requirements, including use of geothermal for heating/cooling, certain green building materials, and provision of restaurant-ready space meeting FOG interceptor requirements. The assistance is needed to fill a financing gap related to delivering a product that is competitive in lease rates for both apartments and retail space in the East Village.

PREVIOUS COUNCIL ACTION(S):

Date: November 3, 2003

Roll Call Number: 03-2470

Action: Approve and accept Real Estate documents for property at 230 and 234 East Grand Avenue for the Gateway East Project, \$550,000 plus closing costs. Moved by Hensley to adopt. Motion Carried 7-0.

Date: April 21, 2003

Roll Call Number: 03-869

Action: Establishing fair market value and authorizing acquisition of property located at 230 and 234 East Grand Avenue for the Gateway East Project, \$550,000 plus closing costs. Moved by Vlassis to adopt. Motion Carried 5-2.

Date: June 17, 2002

Roll Call Number: 02-1596

Action: On Sixth Amendment to the Metro Center Urban Renewal Plan, to encourage rehabilitation or redevelopment of properties along the 200-400 blocks of E. Grand and E. Locust, by designating properties for acquisition and disposition. ([Council Communication No. 02-313](#)) Moved by Brooks to adopt. Motion Carried 7-0.

Date: March 20, 2000

Roll Call Number: 00-788 and 00-789

Action: (D) Closing hearing on the proposed Eighth Amendment to the Urban Renewal Plan for the Riverpoint Capitol-Center Development Area Urban Renewal Project, and adopting such Amendment merging such project in the Metro Center Urban Renewal Project. Moved by Vlassis to adopt. Motion Carried 5-1-1. Nays: Flagg. (E) Closing hearing on the proposed Thirty-third Amendment to the Capitol-Center Development Area Urban Renewal Project, and adopting such amendment merging such project into the Metro Center Urban Renewal Project. Moved by Vlassis to adopt. Motion Carried 5-1-1. Nays: Flagg.

BOARD/COMMISSION ACTION(S):

Date: July 24, 2007

Roll Call Number: N/A

Action: Urban Design Review Board held a TIF review of the project and recommended 6-0 approval of the public financial assistance to the project

Date: June 6, 2006

Roll Call Number: N/A

Action: Urban Design Review Board held a preliminary design review with the applicant and was supportive of the mixed use residential and retail project as presented. At the time of the review, the project was proposed as a residential condominium project.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- Urban Design Review Board will hold a final design review on the building and site design.
- The developer-initiated agreement will be presented to the City Council for final approval at a public hearing to be scheduled for September 24, 2007.