



Council Communication

Office of the City Manager

Date September 24, 2007

Agenda Item No. 60
Roll Call No. 07-
Communication No. 07-572
Submitted by: Matthew A. Anderson
Economic Development Administrator

AGENDA HEADING:

Communication from the Office of Economic Development recommending approval of a developer-initiated proposal from Nelson Development 15, L.L.C. for redevelopment of City-owned land at 230 E. Grand Avenue. A public hearing is scheduled for September 24, 2007 to approve an Urban Renewal Agreement For Sale of Land For Private Development providing for the disposition of public property to the developer and authorizing financial assistance.

SYNOPSIS:

On August 6, 2007, the City Council authorized setting a public hearing on the disposition of the City-owned property located at 230 E. Grand Avenue, formerly occupied by Dewey Ford Used Car Sales, to Nelson Development 15, L.L.C. (Jake Christensen, 1045 76th Street, Suite 2000, West Des Moines, IA 50266). The disposition provides for a competitive bid process in which other proposals to purchase and redevelop the property can be submitted. The deadline for submission of qualified competing proposals was September 10, 2007. No proposals were received.

Nelson Development has presented the City with a 6-story, mixed-use development proposal for the property to include 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. The Office of Economic Development has analyzed the proposal on its quantitative and qualitative merits and feels it would be a beneficial addition to the East Village and East Grand Avenue development.

Staff recommends approval of the attached Urban Renewal Agreement for the sale of property to Nelson Development 15, L.L.C. for the development of a mixed-use residential and commercial building with surface parking at 230 E. Grand Avenue.

FISCAL IMPACT:

Amount: \$638,000 (Revenue)
\$1,224,000 (Financial Assistance)

Funding Source: Proceeds from the property sale will be deposited into the Economic Development CP065, CMO990000, URR099, Development Opportunities account. Funds for the TIF-funded economic development payments are currently identified in the 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:

A summarized analysis of the proposed project is presented below:

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>	\$638,000
<i>Est. August 1, 2008</i>	\$200,000
<i>After July 1, 2009</i>	\$386,000
Assistance as % of Total Costs	10.2%
Residential abatement	Yes
Commercial abatement	No

The assistance being proposed for this project is in line with 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: August 6, 2007

Roll Call Number: [07-1555](#)

Action: Setting Date of Hearing on developer-initiated development proposal and development agreement from Nelson Development 15, L.L.C. for redevelopment of city-owned land at 230 E. Grand Avenue, in the Metro Center Urban Renewal Project, (9-24-07). (Council Communication No. 07-473)
Moved by Mahaffey to adopt. Motion Carried 7-0.

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.

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. Staff will work with the developer to close on the property purchase in a timely manner and disburse funds to the project per the development agreement schedule.