



# Council Communication

Office of the City Manager

Date

September 24, 2007

Agenda Item No. 61  
Roll Call No. 07-  
Communication No. 07-595  
Submitted by: Matthew A. Anderson,  
Economic Development Administrator

## AGENDA HEADING:

Resolution giving final approval to Developer-Initiated Redevelopment Proposal from Houghton Properties to Redevelop Disposition Parcel No. 16A (South of Mattern Avenue to E. Jefferson Avenue between Dixon and De Wolf Streets) in the Guthrie Avenue Business Park Urban Renewal Area.

## SYNOPSIS:

Recommend approval of developer-initiated redevelopment proposal from Houghton Properties (Jack Houghton, President, 12814 Cardinal Lane, Urbandale, IA 50323) to redevelop disposition parcel no. 16A in the Guthrie Avenue Business Park Urban Renewal Area. This 5.87-acre parcel is located south of Mattern Avenue to E. Jefferson Avenue between Dixon and De Wolf Streets. The developer is proposing to construct 100,567 square feet for lease in three office/warehouse/distribution facilities at an estimated development cost of \$3 million.

Staff recommends that Council proceed with the following:

- A. Approve the Urban Development Agreement between the City of Des Moines and Houghton Properties' for Disposition of Parcel No. 16A in the Guthrie Avenue Business Park Urban Renewal Area, and
- B. Approve the vacation of Mattern Avenue between Dixon and De Wolf Streets and E. 18<sup>th</sup> Street between Mattern and E. Jefferson Avenues to facilitate the redevelopment project,
- C. Approve the conveyance of vacated Mattern Avenue east of vacated E. 18<sup>th</sup> Street to De Wolf Street and portions of vacated E 18<sup>th</sup> Street between vacated Mattern Avenue and E. Jefferson Avenue to Houghton Properties as part of the purchase of land for the redevelopment project, and
- D. Approve a land lease with Houghton Properties for that portion of vacated Mattern Avenue west of vacated E. 18<sup>th</sup> Street to Dixon Street and a portion of vacated E 18<sup>th</sup> Street south of Mattern Avenue to Houghton Properties not being purchased as part of the redevelopment project. As compensation to the City for the leasing of such land, Houghton Properties has agreed to complete the redevelopment project as stipulated in the Urban Renewal Development Agreement, maintain the hard surface areas for access to the redevelopment project and adjoining property owners and to keep the areas free of debris and provide snow removal.

## FISCAL IMPACT:

Amount:

The City will receive approximately \$65,000, which represents the fair market value of \$345,000 minus estimated deductions listed below for Disposition Parcel No. 16A. The City will deduct from the Property purchase price at closing:

- A. The lowest responsible of three bids for approved demolition work;
- B. \$158,000, which represents the net present value of the projected tax revenue stream from an additional estimated 24,000 square feet the developer will construct at the southeast corner of De Wolf Street and E. Jefferson Avenue beyond the minimum 66,000 square feet of building improvements, and
- C. \$25,000, which will act as an insurance policy to limit the City's liability for any additional hazardous or solid waste discovered on the Property.

Funding Source:

Revenue will be deposited into the FY07-08 CIP Account URRO12, CP065 CMO990000, Economic Development page 5.

**ADDITIONAL INFORMATION:**

In 1988, the City Council adopted the Guthrie Avenue Business Park Urban Renewal Plan in order to accommodate the growth and development of office/warehouse/distribution and light manufacturing facilities in Des Moines so as to diversify the local economy. Since that time, developers and user-owner businesses have invested nearly \$30 million to construct 814,400 square feet in 16 new buildings. Approximately 700 jobs have been created. The business composition of the Guthrie Avenue Business Park includes, but is not limited to, electrical products, coin-operated vending equipment, automotive parts and other distribution as well as book binding, preservation of aged books/manuscripts and construction contracting.

Since fall 1999, no buildings have been constructed in the Park. Houghton Properties' proposal is significant because it will add over 100,000 square feet of office/warehouse/distribution space, which at build-out will represent 11% of the new development in the Park since the project's inception. The developer has a vested interest in the Park because he previously completed three office/flex space buildings: 22,000 square feet at 1771 Guthrie Avenue; 32,400 square feet at 2101 Dixon Street; and 61,200 square feet at 1900 Dixon Street. In addition, there is a market for new industrial space at competitive rates, which will support this new development in Des Moines.

On August 6, 2007, by Roll Call No 07-1520, Council accepted the developer-initiated redevelopment proposal from Houghton Properties to redevelop Parcel No. 16A in the Guthrie Avenue Business Park. City Council's acceptance was subject to the acceptance and review of competing proposals to be received by the City's Office of Economic Development no later than 8:15 AM on September 18, 2007. No competing proposals were received.

**PREVIOUS COUNCIL ACTION(S):**

Date: August 6, 2007

Roll Call Number: 07-1520

Action: [On](#) Developer-Initiated Redevelopment Proposal from Houghton Properties to redevelop Disposition Parcel No. 16A (South of Mattern Avenue to E. Jefferson Avenue between Dixon and De Wolf Streets) in the Guthrie Avenue Business Park Urban Renewal Area and Setting Date of Hearing on vacation of E. 18<sup>th</sup> Street between Mattern and E. Jefferson Avenue and E. Jefferson Avenue between Dixon and DeWolf, (9-24-07). ([Council Communication No. 07-465](#)) Moved by Vlassis to approve. Motion Carried 7-0.

**BOARD/COMMISSION ACTION(S):**

**Plan & Zoning Commission**

Date: September 6, 2007

Action: Approved recommendation to City Council for vacation of Mattern Avenue between Dixon and De Wolf Streets and E. 18<sup>th</sup> Street between Mattern and E. Jefferson Avenues.

**Urban Design Review Board**

Date: July 24, 2007

Roll Call: N/A

Action: Approved the Minimum Development Requirements and Competitive Criteria for Disposition Parcel No. 16A in the Guthrie Avenue Business Park and the Houghton Properties' developer-initiated preliminary proposal.

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**