



Council Communication

Office of the City Manager

Date

October 22, 2007

Agenda Item No. 54

Roll Call No. 07-

Communication No. 07-622

Submitted by: Matthew Anderson, Economic
Development Administrator

AGENDA HEADING:

Resolution rescinding an urban renewal development agreement (approved February 12, 2007) with High Land Co., L.C. for development of the Ingersoll Square residential condominium project.

SYNOPSIS:

Recommend approval to rescind the urban renewal development agreement for the Ingersoll Square residential condominium project. Due to changes in the residential housing market and a decision to convert the 'for sale' condominium project to a primarily 'for lease' apartment project, the High Land Co., L.C. (Robert J. Caluzzi, Managing Member, 2171 Grand Avenue, West Des Moines, IA 50265) has requested the City terminate the urban renewal development agreement dated February 12, 2007, between developer and City. The contract proposed the development of a \$23.7 million 138-unit residential project on the northerly 2/3 of the block located at the northeast corner of the intersection of M. L. King, Jr. Parkway and Ingersoll Avenue, formerly known as the Thompson Trust property. The contract provided for a 5-year tax abatement schedule in an otherwise allowed 10-year tax abatement area, with the revenues collected during the last 5 years shared between developer and City.

FISCAL IMPACT:

Amount: The termination of the contract allows the developer (or other owner of the property) to receive the 'by right' 10-year residential tax abatement on the property. The City will not receive any revenue anticipated in the approved contract estimated to be \$250,000 per year for each of the last 5 years of the tax abatement period. The project will continue to receive State enterprise zone benefits.

Funding Source: N/A

ADDITIONAL INFORMATION:

The Ingersoll Square project has completed its first phase of 69 units but finds it is unable to sell the units as condominiums and has changed its strategy to capture the more robust residential rental market. The developers have also moved to develop a single-story commercial development along the Ingersoll Avenue frontage, altering a previous proposal for multi-story mixed use buildings along Ingersoll with apartments on the upper floors. The current downtown residential market, with condominium sales slowing and rental demand high, has caused the developer to adjust the project program.

The approved urban renewal development agreement provided financial assistance to the developer based on a proforma for the condominium project that assumed the sale of the residential units. With the developer continuing to own the property, it is more advantageous to receive the 10-year property tax

abatement that other rental residential projects in the downtown currently receive. No other public financial assistance has been provided other than enterprise zone benefits.

PREVIOUS COUNCIL ACTION(S):

Date: February 12, 2007

Roll Call Number: 07-288

Action: Urban Renewal Development Agreement with High Land Co., L.C., and approving proposed Conceptual Development Plan. (Council Communication No. 07-061) Moved by Hensley to adopt. Motion Carried 7-0.

Date: August 8, 2005

Roll Call Number: 05-1945

Action: On request from High Land Company, LC, to rezone property at 2019 Ingersoll Avenue, from "C-2" (General Retail and Highway Oriented Commercial) and "C-3A" (Central Business District Support Commercial) to Limited "NPC" (Neighborhood Pedestrian Commercial). Moved by Hensley to adopt and approve the rezoning, subject to final passage of the rezoning ordinance. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Date: October 19, 2006

Roll Call Number: N/A

Action: Urban Design Review Board (UDRB) approved final review of the exterior courtyard design plans.

Date: September 5, 2006

Roll Call Number: N/A

Action: Urban Design Review Board (UDRB) approved the project design and TIF financial assistance subject to final review of the exterior courtyard design plans.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE