



Council Communication

Office of the City Manager

Date

November 19, 2007

Agenda Item No. 50C

Roll Call No. 07-

Communication No. 07-673

Submitted by: Richard A. Clark, City Manager

AGENDA HEADING:

Public Hearing and authorizing various related actions on the Beavertdale Commercial Area Urban Renewal Plan.

SYNOPSIS:

Recommend to hold the public hearing on the creation of a new urban renewal area and tax increment district for the Beavertdale commercial area along Beaver Avenue. The boundaries of this proposed 36-acre urban renewal area generally follow the commercially-zoned land on Beaver Avenue extending from Douglas Avenue on the north to the Beaver Crest Dr./Sheridan Ave. intersection on the south.

Other actions recommended as part of the approval of the urban renewal plan are as follows:

- Resolution of necessity finding the urban renewal area constitutes an area appropriate for economic development, redevelopment for commercial use and public improvements related to housing and residential projects.
- Receive and file communication from the Plan and Zoning Commission on conformance of the plan with the Des Moines 2020 Community Character Plan.
- First reading of an ordinance designating the urban renewal area as a tax increment district.
- Resolution directing the Joe's Square project (4049 Fagen Dr.) be funded from the tax increment revenues from the newly approved Beavertdale Commercial Area Urban Renewal Area. On November 5, 2007, by Roll Call No. 07-2155, Council approved a development agreement for the Joe's Square project with TIF, if available, and otherwise, with other City funding.

FISCAL IMPACT:

Amount: Cash available from the TIF for ten years from FY08/09 to FY2017/2018; the estimated net annual cash available to the City, based on the current known projects, ranges from about \$40,000 initially to about \$300,000 by FY2017/2018 after payments for the Joe's Square and former Rice School property developments are made.

Funding Sources: The tax increment funding (TIF) for this area will be disbursed on a **cash-available basis**. All development agreements using TIF assistance will be based on annual payments and the property tax revenues produced by new development. The specific developer agreements must be approved by the City Council.

Other: State urban renewal law requires the provision of financial assistance to low/moderate income (LMI) housing, based on a specified percentage of LMI within a county when TIF is used for public improvements related to residential development in an economic development-based urban renewal area.

(This provision does not apply to the Metro Center Urban Renewal Areas and to other urban renewal areas that are designated on the basis of slum and blight). Since TIF may be used for such improvements in the Beavertdale Commercial Urban Renewal Area, the state-specified LMI of 39.7% will require an annual commitment for LMI housing in an amount ranging from about \$37,000-\$120,000 annually based upon the anticipated TIF expenditures for public improvements related to housing. The City will meet this State requirement within its annual allocation of discretionary funding to the Neighborhood Development Corporation, Neighborhood Finance Corporation, Polk County Housing Trust and/or Community Development Block Grant.

ADDITIONAL INFORMATION:

Duration

The urban plan and tax increment designation will extend for a period of ten years beginning with the second fiscal year after the year of initial TIF certification. The purpose of designating this retail/commercial corridor as urban renewal areas is to encourage retail and commercial development. The concurrent TIF designation provides a funding source to assist public and private projects. In accordance with current state law, this area cannot be extended past its ten year period.

Urban Design Board Recommendation

The Board unanimously recommended approval at its meeting on November 6, 2007.

Consultation – Tax Increment

The required consultation meeting with representatives from Polk County, Des Moines Public Schools, and Des Moines Area Community College was held on October 11, 2007. No comments were received at or after this meeting.

Development Requirements in the Urban Renewal Plan

The Beavertdale Urban Renewal Plan differs from some previously-adopted urban renewal plans in that specific design criteria must be met by projects in order to qualify for use of TIF. These conditions are contained in Section II.C (General Development Requirements) of the Plan and have been generated in part to address the Council's previously stated desire for Beavertdale projects using City assistance to be "green."

Development Agreements

Initial projections, based on the two proposed development plans (Joe's Square at 4049 Fagen Dr. and the former Rice School property at 3001 Beaver Ave.), show an increase of \$10-12 million in new commercial and residential assessments within the next 3 years.

PREVIOUS COUNCIL ACTION(S):

Date: November 5, 2007

Roll Call Number: 07-2155

Action Development Agreement and authorizing execution of contract documents for a \$350,000 grant to Joe's Square L.L.C. for development of a mixed-use project at Beaver Avenue and Fagen Drive. Moved by Vlassis to approve. Motion Carried 7-0.

Date: September 24, 2007

Roll Call Number: 07-1892

Action: Setting Date of Hearing and authorizing various related actions on the Beverdale Commercial Area Urban Renewal Plan, (11-19-07) (Council Communication No. 07-579) Moved by Vlassis to adopt. Motion Carried 7-0.

Date: August 20, 2007

Roll Call Number: 07-1678

Action: Receive and file communication from Office of Economic Development regarding preliminary terms of agreement with Joe's Square LLC for development of mixed-use project at Beaver Avenue and Fagen Drive. (Council Communication No. 07-517) Moved by Vlassis to receive, file and approve the preliminary terms of agreement as set forth in the accompanying Council Communication, and to direct the City Manager to proceed with negotiations of formal agreements with Joe's Square LLC consistent with the terms set forth in the accompanying Council Communication. Motion Carried 7-0.

Date: March 26, 2007

Roll Call Number: 07-579 thru 07-581

Action: On request from Joe's Square, LLC, to rezone property at 4049 Fagen Drive from "C-2" (General Retail and Highway Oriented Commercial) to "NPC" (Neighborhood Pedestrian Commercial) to allow for mixed-use pedestrian-oriented redevelopment. Moved by Vlassis to adopt and approve the rezoning, subject to final passage of the rezoning ordinance. Motion Carried 7-0.

(A) First consideration of ordinance above. Moved by Vlassis that this ordinance be considered and given first vote for passage. Motion Carried 7-0.

(B) Final consideration of ordinance above, (waiver requested by applicant), requires 6 votes. Moved by Vlassis that the rule requiring that an ordinance must be considered and voted on for passage at two Council meetings prior to the meeting at which it is to be finally passed be suspended, that the ordinance be placed upon its final passage and that the ordinance do now pass, #14,638. Motion Carried 7-0.

Date: March 12, 2007

Roll Call Number: 07-455

Action: On request from Joe's Square, LLC, to rezone property at 4049 Fagen Drive from "C-2" (General Retail and Highway Oriented Commercial) to "NPC" (Neighborhood Pedestrian Commercial) to allow for mixed-use pedestrian-oriented redevelopment, (3-26-07). Moved by Mahaffey to adopt. Motion Carried 6-1.

Date: November 6, 2006

Roll Call Number: 06-2248

Action: Communication from William J. Lillis requesting City Council to consider initiating a Tax Increment Financing (TIF) District in the Beavertdale area. SPONSORS: Coleman and Vlassis. Moved by Vlassis to refer to City Manager for review and recommendation. Motion Carried 6-0.

Date: March 24, 1997

Roll Call Number: [97-1020](#)

Action: To solicit Citizen input regarding proposed policy changes for Tax Increment Financing Districts (TIF). Moved by Hensley to receive, file and approve the City Manager's proposal for a 75/25 distribution of tax increment funds (TIF), as more specifically outlined in the 1997-98/2002-03 Capital Improvements Program Budget. Motion Carried 5-1-1. Nays: Flagg.

BOARD/COMMISSION ACTION(S):

Date: March 1, 2007

Roll Call Number: N/A

Action: Plan and Zoning Commission recommends approval of a request from Joes's Square, LLC to rezone property located at 4049 Fagen Drive from "C-2" General Retail and Highway-Oriented Commercial District to "NPC" Neighborhood Pedestrian Commercial District to allow for a mixed-use pedestrian-oriented redevelopment of the property. Motion Carried 10-0.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Second and final readings of tax increment ordinance for December 4, 2007 meeting (request to waive separate readings by City Manager).