

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b>	November 8, 2010
	<b>Agenda Item No.</b>	<b>24</b>
	<b>Roll Call No.</b>	<b><u>10-1839</u></b>
	<b>Communication No.</b>	<b><u>10-673</u></b>
	<b>Submitted by:</b>	<b>Matt Anderson Economic Development Administrator</b>

**AGENDA HEADING:**

Set date of hearing and related actions for the creation of an urban renewal/tax increment finance (TIF) plan for the Southeast Economic Development District Urban Renewal Area.

**SYNOPSIS:**

Approval of setting the date of public hearing for December 7, 2010, on the creation of an urban renewal area and approval of an urban renewal plan utilizing tax increment financing for the Southeast Economic Development District. The boundaries of this proposed 913 acre urban renewal area are generally between SW 9<sup>th</sup> Street, Army Post Road, SE 14<sup>th</sup> Street and County Line Road. A map of the proposed boundaries is included in this communication.

It also includes that additional related actions be undertaken, as follows:

1. Publication of the November 22, 2010 public hearing notice by the City Clerk’s Office
2. Referral of the proposed plan to the Planning & Zoning Commission for review and recommendation on the conformance of the proposed plan with the Comprehensive Plan
3. Referral of the proposed plan to the Urban Design Review Board for review and recommendation.
4. Required consultation meeting to be held with area taxing entities.

**FISCAL IMPACT:**

Any financial assistance to be provided by the City of Des Moines in this area will be prioritized for use on public infrastructure projects and land development activities that will facilitate private sector investment in commercial development, and allow new taxable valuation to be created for the City of Des Moines. It is planned that future development agreements for this area will be organized around this premise, with the goal of having the private sector upfront infrastructure costs, with potential for a portion of such costs to be reimbursed from the resulting incremental taxes. There will be an ability to evaluate the financial condition of each proposed project, and its positive impact to the citizens of Des Moines in the form of business development, services and employment. All individual development agreements must be reviewed and approved by the City Council.

Based on 2009 assessments, the base value of the proposed TIF district will be approximately \$107 million. To have a general estimate of anticipated revenues, an increase in taxable valuation of 1.5% per year has been used.

**ADDITIONAL INFORMATION:**

The Southeast side functioned for several decades to serve the regional retail and service needs for much of Greater Des Moines, attracting patrons from a broad geographic area to locations such as Southridge Mall, Stefon Plaza, and many smaller commercial centers. Augmenting the stores and services in this area were regional recreational and cultural features such as the Blank Park Zoo, Fort Des Moines County Park, and Historic Fort Des Moines Museum. The combination of these elements provided a strong backdrop for attracting new investment and population growth. The area saw new home construction and business development through the 1990’s and the early 2000’s. However, this activity occurred at the same time expansive retail centers were being launched in several of the Des Moines suburbs. These centers created a higher level of competition, and negatively affected the retail pull factor for the City of Des Moines. The fragmented nature of the retail centers through the Southeast side, where millions of square feet of retail space are spread out and interspersed with vacant sites and underutilized buildings did not provide for the same ease of access and co-location advantages that patrons and businesses could find in other communities. In addition, the existing population of the area, though growth has been positive, cannot alone sustain the level of support necessary for these businesses to remain viable; a strong secondary market is necessary. The presence of these variables ultimately has resulted in higher vacancy rates, particularly in Southridge Mall, lower building valuations and difficulty in attracting new tenants. The recreational and cultural features in the area are also in need of new investment to remain viable, to continue to draw visitors from the greater region that will provide a secondary market for the retail and service businesses.

Data collection, market analysis, community input and planning efforts in recent years have provided strong reasoning for the need of additional investment and economic development tools in this area. The *Southside Revitalization Plan* in 2006, the *SuperBlock Master Plan* in 2009, and the *Fort Des Moines Historic Preservation Plan* in 2010 have provided a comprehensive examination of the existing conditions in Southeast Des Moines, the need for action and creativity to revamp area amenities, the need to attract new economic investment and maximize the ability for the area to attract patrons to the regional destination center that it is capable of being once again.

**Existing Southeast Economic Development District Sites**



There is an ability to incorporate redevelopment, revitalization and new opportunities in this plan. There exists a great need to see new economic investment in this area, in the form of both new business growth and revitalization of underutilized sites and buildings. To obtain new private investment in this area it may be necessary to strategically leverage public resources, including TIF, infrastructure and

transportation improvement grants, and to collaborate with other public entities where those opportunities may exist.

The proposed duration of the plan will be 20 years, with the intent being to encourage and facilitate new economic development within the area. The creation of an urban renewal area and the approval of an urban renewal plan utilizing tax increment financing for the Southeast Economic Development District can provide a source of funding for public and private improvements. Public improvements would typically include sanitary sewer, street and stormwater infrastructure, streetscape improvements, green infrastructure, park facilities and sidewalk and trail amenities. Private improvements would typically include the construction of new public streets, utilities and recreational amenities, and new buildings and facilities for commercial, office, retail or residential use, generating new taxable valuation and jobs for the community.

Current zoning and proposed land use maps are included. The proposed uses of land for the area include regional retail, commercial, public features, park/open space and residential. Infrastructure required to facilitate new investment will include work within the Blank Park Zoo, Historic Fort Des Moines, and potentially the Southridge Mall area. There is an ability to proactively structure the urban renewal plan and TIF district to respond to both the redevelopment and infrastructure needs and the new development opportunities, providing reinforcement to prior investment in utilities, transportation systems and infrastructure and continuation of planning efforts in conjunction with the 2020 Community Character Plan.

**Sites in the Southeast Economic Development District**



Meetings will be held prior to the City Council public hearing to review the proposed plan with the Planning & Zoning Commission, Urban Design Review Board and area taxing entities. Neighborhood organizations will also be contacted.

**PREVIOUS COUNCIL ACTION(S):**

Date: October 11, 2010

Roll Call Number: 10-1694

Action: [Regarding](#) proposed SE Economic Development District Urban Renewal Area and preparation of an urban renewal plan and creation of tax increment financing (TIF) district. ([Council Communication No. 10-619](#)) Moved by Meyer to receive and file, and to authorize the City Manager to prepare an urban renewal plan and related information and documents in general accordance with the Council Communication. Motion Carried 7-0.

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

The Planning and Zoning Commission and Urban Design Review Board will review the proposed Urban Renewal Plan and TIF District at their respective meetings in November. The taxing entities consultation will be coordinated by the Office of Economic Development in November.

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the second floor of City Hall, 400 Robert D. Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to [cityclerk@dmgov.org](mailto:cityclerk@dmgov.org).