

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: April 11, 2011
	Agenda Item No. 27 Roll Call No. <u>11-599</u> Communication No. <u>11-214</u> Submitted by: Terrance N. Vorbrich, Acting Economic Development Administrator

AGENDA HEADING:

Resolution approving Issuance of Certificate of Completion for the R.E. Properties East Grand Historic Renovation (Studio Block) project in the Metro Center Urban Renewal Area.

SYNOPSIS:

R.E. Properties, L.L.C., Tim Rypma, 512 ½ East Grand Avenue, Des Moines, Iowa 50309, has completed an historic renovation of the five buildings in the 500 Block of East Grand Avenue, also known as the Studio Block. The \$4.9 million project restored the buildings, four of which are on the National Register of Historic Places, to their former appearance, and recaptured the original mixed-use design of residential units and retail. Five residential units, office spaces, and retail uses including two restaurants, a custom dress design studio and other specialty shops have been completed.

City Council approved an Urban Renewal development agreement with R.E. Properties, L.L.C. on September 22, 2008, by Roll Call 08-1661, providing a financial assistance package equal to 75% of the new tax increment generated by the project for a period of five years. The net present value of the assistance was estimated at \$350,000, to be granted in ten semi-annual installments. R.E. Properties agreed to forego tax abatement when requesting the financial assistance from the tax increment generated by the project. The required improvements were completed within the timeframe provided in the development agreement, and issuance of a Certificate of Completion is recommended.

FISCAL IMPACT:

Amount: An amount equal to 75% of the new incremental taxes generated by the project improvements for a term of 5 years. Approximately \$423,000 or a net present value of approximately \$350,000.

Funding Source: Project generated tax increment.

ADDITIONAL INFORMATION:

R.E. Properties, L.L.C. has completed façade restoration, interior space renovation, and a renovated pedestrian alley on the East Grand Avenue Studio Block project. Non-original interior partitions were removed, restoring the original plaster walls. All electrical and HVAC systems were updated or replaced, and sprinkler systems were installed in the buildings.

R.E. Properties, L.L.C. encountered significant and costly issues during the course of the renovation project; each new space undertaken to restore revealed new life safety, systems, code and structural issues. There was significant water infiltration of the structures, as well as unplanned challenges in taking on the restoration of the windows and façade. The state of the 120 year old buildings, and the cost overruns presented by the numerous issues necessitated a request for City financial assistance midway through the project. The project was originally undertaken without requesting any financial help from the City.

The project has provided a substantial investment to the historic buildings, welcomed new businesses and residents, and contributed to the vitality of the East Village.

PREVIOUS COUNCIL ACTION(S):

Date: September 22, 2008

Roll Call Number: 08-1661

Action: [Urban](#) Renewal Development Agreement with R.E. Properties, L.L.C., for redevelopment of 506-524 E. Grand Avenue. ([Council Communication No. 08-557](#)) **Moved by Hensley to adopt. Motion Carried 7-0.**

Date: August 11, 2008

Roll Call Number: 08-1434

Action: [Preliminary](#) Terms of Agreement with R.E. Properties LLC for redevelopment of 506-524 E. Grand Avenue. ([Council Communication No. 08-479](#)) **Moved by Hensley to receive, file and approve preliminary terms of agreement as set forth in the Council Communication, and to direct the City Manager to proceed with negotiation of formal agreements with R. E. Properties, LLC, consistent with the terms set forth in the Council Communication. Motion Carried 7-0.**

BOARD/COMMISSION ACTION(S):

Board: Urban Design Review Board

Date: August 19, 2008

Resolution Number: N/A

Action: Motion to Approve Financial Assistance Package to Studio Block by Wattier. Seconded by Garner. Motion carried unanimously.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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