

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b> January 28, 2013
	<b>Agenda Item No.</b> 57 <b>Roll Call No.</b> <u>13-0169</u> <b>Communication No.</b> <u>13-042</u> <b>Submitted by:</b> <b>Matthew A. Anderson,</b> <b>Assistant City Manager</b>

**AGENDA HEADING:**

Resolution accepting developer-initiated redevelopment proposal from East Village Growth Partners LLC to redevelop Disposition Parcel No. 02-1A (350 E. Locust Street)/Metro Center Urban Renewal Area, setting date of public hearing on intent to accept said proposal and authorizing notice of intent to enter into an agreement to purchase land for private redevelopment if no competing proposals are received.

**SYNOPSIS:**

East Village Growth Partners LLC (Tim Rypma, Manager, 2404 Forest Drive, Des Moines, Iowa) has presented a developer-initiated proposal to purchase City-owned urban renewal property at the NW corner of East Locust and East 4<sup>th</sup> Streets (350 East Locust Street) for a mixed use project with commercial/retail uses on the first floor and residential units on the second-fifth floors. Project financing is contingent upon award of CDBG-DR funding; if this project is not selected, the developer will request withdrawal of the proposal.

**FISCAL IMPACT:**

Amount: Revenue of \$400,000 to be receipted to the Economic Development Enterprise Account.

Funding Source: Developer’s payment for property.

**ADDITIONAL INFORMATION:**

*Development Proposal*



The \$6.2 million project proposal is for a full first floor of retail/commercial space at grade (6100 SF) with three floors of residential and a penthouse suite above. The 21 residential units are a mixture of studio, one (1) bedroom, and two (2) bedroom units. The residential floors share access to a common rooftop area on the fourth floor at the west end of the building.

The development is proposed as steel and concrete construction. The south, east, and west sides of the building will be full dimension brick in the red color range. The first floor retail storefronts will be aluminum storefront systems with a too-be-determined signage band material. The north façade,

facing the East Village Square building at 333 East Grand Avenue, is clad in Hardiplank or a similar cement fiber board material. The penthouse will be glass except for north side which will use the cement fiber board material.

### *Property Sale Process*

The developer has offered \$400,000 for the purchase of the property. Staff has evaluated area land sales and the impact of the City requirements and believes the price offered is the within fair market value.

This property (Disposition Parcel 02-1A) will be sold as an urban renewal disposition parcel since it was acquired with TIF funds. A sale through the urban renewal process requires a minimum offering period of at least thirty days as per state law. The City also sets specific requirements that a successful development proposal must meet which includes specified permitted uses, design criteria, developer qualifications, and evidence of financing; these requirements are included in the offering documents and the development agreement which must be approved by the City Council. This process also provides for a competitor to make a development proposal for the property on or by March 4, 2013.

The Metro Center Urban Renewal Plan incorporated the Eastern Gateway District Area Design Guidelines which provides objectives and suggestions for construction of new building in the East Village. Using these guidelines, suggested general minimum development requirements for this site which have to be met by this proposal and by any competing proposal include:

- Mixed use property (at least three stories and 15,000 sq. feet) with commercial at least on first floor and residential on upper floors.
- Maximum building height of 55 feet; however, if the portion of the structure over 55-ft. height is devoted entirely to a residential use, the maximum building height shall be 75 feet.
- Exterior building materials: predominantly brick masonry construction with red, rust, and buff tones. Other materials, such as stone, glass, metals, etc., may also be used if used in a manner that are compatible with the use of brick and enhance the historic precedence for brick as an exterior building material in the area.
- At least 50% of the building's façade be set at the south property line (East Locust Street) and 60% of the remaining building frontage (East 4th Street) be set no more than 8 feet back from the property line.
- First floor commercial must have ceiling height of at least 14 feet to encourage retail uses.

### **PREVIOUS COUNCIL ACTION(S):**

Date: March 12, 2007

Roll Call Number: [07-496](#)

Action: [Recommending](#) that the City proceed with a Developer-Initiated Proposal from Hatch Development Group, for redevelopment of City-owned land at E. 4th and E. Locust Streets. ([Council Communication No. 07-127](#)). Moved by Meyer to receive and file, and direct the City Manager to

continue negotiations with Hatch Development Group the terms of a developer initiated proposal for further consideration by the City Council. Motion Carried 6-1.

Date: November 6, 2006

Roll Call Number: [06-2185](#)

Action: [Third](#) Amendment to agreement for acquisition of property at E. 4th and Locust Streets to allow an extension to January 31, 2007 for negotiations with SOHO Development LLC for possible redevelopment of the site. ([Council Communication No. 06-688](#)). Moved by Hensley to adopt. City Manager to work with any interested parties during this extension period. Motion Carried 5-0. Council Member Mahaffey declares a conflict of interest and abstains from voting.

Date: June 6, 2005

Roll Call Number: 05-1448

Action: Approving Amendment to Agreement for acquisition of property at E. 4th and Locust Streets. (Council Communication No. 05-316). Moved by Brooks to adopt. Motion Carried 7-0.

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

Board: Urban Design Review Board

Date: January 15, 2013

Resolution Number: N/A

Action: Informal review and comment on proposed design.

#### **ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

This proposal is contingent on receipt of \$3 million in CDBG-DR funding from the State of Iowa. If it does not receive the CDBG-DR funding, the developer is unable to proceed with the project and will request withdrawal of the proposal and return of the good faith deposit.

If no competing proposals are received and the developer is selected for the CDBG-DR funding, the City will execute the development agreement which requires the developer to submit final design plans and evidence of financing to the Council prior to approval of the deed.

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