

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	May 20, 2013
	Agenda Item No.	55
	Roll Call No.	<u>13-831</u>
	Communication No.	<u>13-244</u>
	Submitted by:	Jeb E. Brewer, P.E., City Engineer

AGENDA HEADING:

Hold hearing for the conveyance of City-owned real estate at Indianola Avenue and Dunham Avenue to Neighborhood Development Corporation (NDC) for \$198,000.

SYNOPSIS:

Recommend approval for conveyance of City-owned real estate at Indianola Avenue and Dunham Avenue to NDC, Abbey Gilroy, Project Manager, 210 Des Moines, Street, Des Moines, Iowa, 50309, for \$198,000. This action is required by Iowa law prior to making a final determination on the proposed sale by resolution. There is no current or anticipated public need for this property and its conveyance will return it to the tax rolls and will help reduce the City's cost of ownership of excess land.

FISCAL IMPACT:

Amount: \$198,000 (Revenue, less credit to be determined for environmental remediation)

Funding Source: The proceeds from the sale of this property will be deposited as follows:

\$133,000 – Non-project related land sale proceeds are used to support general operating budget expenses: Fund: SP767, Org: ENG980500.

\$65,000 to reimburse the CIP Account for original land acquisition – 2013-2014 CIP, Page Street Improvements – 10, Corridor Studies, STR118.

ADDITIONAL INFORMATION:

The Des Moines City Council has established the Des Moines Enterprise Zone Commission and on January 25, 2010, by Roll Call No. 10-0154, the City Council approved the River South Enterprise Zone, which the State of Iowa subsequently certified. On January 28, 2013, by Roll Call No. 13-0115, the Des Moines City Council approved the application of NDC to the Iowa Economic Development Authority (IEDA) for Enterprise Zone Benefits for construction of 49 housing units at Indianola Avenue and Dunham Avenue in the River South Enterprise Zone, involving a total investment of approximately \$6,438,355.

On February 20, 2013, by Roll Call No. 13-0267, NDC's proposed development was also submitted to the City Council for consideration for a Community Development Block Grant – Disaster Relief (CDBG-DR), Round V Funding, offered through the IEDA. However, NDC's project was not selected

by the City Council as a recommended project to be submitted to IEDA. Although the CDBG-DR funding is not available, NDC has decided to proceed with the project and has agreed to purchase the City-owned property located at Indianola Avenue and Dunham Avenue for \$198,000 for the above redevelopment.

The proposed project meets the requirements of the 2 Rivers District Final Master Plan – Development Concept, for development of Medium Density Mixed Use, Planned Unit Development (PUD), and Residential developments. The property to be conveyed consists of approximately 1.45 acres, and the purchase price reflects the fair market value of the property based on an independent appraisal. However, said appraisal did not address any environmental remediation costs that will be necessary to redevelop the property, so the purchase price will be reduced by an amount equal to the costs for remediation in accordance with the terms of the Offer to Purchase.

NDC and City staff have negotiated certain closing conditions for the proposed sale as set forth in the Offer to Purchase, including:

- 1) NDC shall receive a credit, not to exceed \$198,000, toward the purchase price owed for the City parcels in the amount of the lowest bid estimating the cost of environmental remediation to be incurred by NDC, in compliance with the Iowa Department of Natural Resources' requirements regarding remediation and redevelopment of the property.
- 2) Compliance by NDC with any additional requirements set forth in the approved site plan, as a covenant upon the property.

If NDC's project receives all necessary funding approvals, construction is expected to start in late summer 2013. There is no current or anticipated public need for this property, and its conveyance will help support the goals of the 2 Rivers District area.



PREVIOUS COUNCIL ACTION(S):

Date: May 6, 2013

Roll Call Number: [13-0718](#)

Action: [On](#) conveyance of property at Indianola and Dunham Avenue to Neighborhood Development Corporation (NDC) for \$198,000, (5-20-13). Moved by Mahaffey to adopt. Motion Carried 7-0.

Date: February 25, 2013

Roll Call Number: [13-0341](#)

Action: [Dismiss](#) the public hearing on conveyance of property at Indianola and Dunham Avenue to Neighborhood Development Corporation (NDC) for a housing development, \$198,000. (NDC has withdrawn their offer) Moved by Meyer to adopt. Motion Carried 7-0.

Date: February 20, 2013

Roll Call Number: [13-0267](#)

Action: [Approve](#) the submittal of two (2) applications for multi-family housing projects to the Iowa Economic Development Authority for Community Development Block Grant-Disaster Relief (CDBG-DR) Round V Funding. ([Council Communication No. 13-074](#)) Moved by Meyer to adopt in accordance with the City Manager's recommendation and to direct the City Manager to look at using the land sales proceeds of approximately \$400,000 and all other available sources to assist the other projects, and to work with HUD to get the restrictions on the Section 108 Loan lifted to allow residential development in the Riverpoint West Area. Motion Carried 7-0

Date: February 11, 2013

Roll Call Number: [13-0203](#)

Action: [On](#) conveyance of property at Indianola and Dunham Avenue to Neighborhood Development Corporation (NDC) for a housing development, \$198,000, (2-25-13). Moved by Hensley to adopt. Motion Carried 7-0.

Date: January 28, 2013

Roll Call Number: [13-0115](#)

Action: [Neighborhood](#) Development Corporation for construction of 49 housing units at Indianola Road and Dunham Avenue in the River South Enterprise Zone. Moved by Hensley to adopt. Motion Carried 7-0.

Date: January 25, 2010

Roll Call Number: [10-154](#)

Action: [Proposed](#) River South Enterprise Zone. ([Council Communication No. 10-038](#)) Moved by Meyer to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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