

Council Communication

Office of the City Manager

Date: June 24, 2013

Agenda Item No. 56A

Roll Call No. [_____]

Communication No. 13-339

Submitted by: Matthew A. Anderson, Assistant City Manager

AGENDA HEADING:

On the June 24, 2013 City Council agenda are the following roll calls associated with the redevelopment proposed for 425 East Grand Avenue:

- A) Approving Urban Renewal Agreement for Sale of Land for Private Redevelopment with 425 East Grand, LLC to develop Disposition Parcel No. 02-02A (425 East Grand Avenue) in the Metro Center Urban Renewal Project.
- B) Approving Conceptual Development Plan and execution of Special Warranty Deed to 425 East Grand, LLC.

SYNOPSIS:

At the May 20, 2013 City Council meeting, a date for the public hearing on the proposed sale of Cityowned property at 425 East Grand Avenue to 425 East Grand, LLC (Jake Christensen, Christensen Development, 506 3rd Street/Suite 300, Des Moines, IA 50309) was set for the Council's June 24, 2013 meeting unless a competing proposal to redevelop the property was received. As of June 18th, no inquiries have been received or the documents required to create a competing proposal.

The 425 East Grand, LLC proposal provides for moving the rowhouse, known as Norden Hall, from its currently location at 709 East Locust Street, to the eastern-most 75 feet of the City-owned surface lot located at 425 East Grand Avenue. The structure would then be renovated and enlarged for commercial uses.

The roll calls relating to the proposed sale of the property on the June 24, 2013 agenda provide for:

- A public hearing on the proposed sale of Disposition Parcel No. 02-02A to 425 East Grand, LLC if no other responsive redevelopment proposal is received on or by June 21, 2013. The roll call then authorizes execution of the redevelopment agreement which includes the terms and conditions relating to the disbursal of a City-funded \$225,000 economic development grant.
- Approval of the conceptual development plans and execution of special warranty deed to 425 East Grand, LLC for conveyance of Disposition Parcel No. 02-02A/Metro Center Urban Renewal Area.

FISCAL IMPACT:

Amount: Receipt of \$180,000 for the sale of 425 East Grand Avenue; Expenditure of \$225,000 for economic development grant.

<u>Funding Source</u>: Economic Development Enterprise Account, SP743-CMOO980717-480060 for receipt of land sales proceeds and funding of economic development grant.

ADDITIONAL INFORMATION:

Development Proposal



The rowhouse (left), currently located on State of Iowa-owned property at 709 East Locust Street, will be moved to 425 East Grand Avenue. The rowhouse owner, the State of Iowa, has indicated it will demolish the rowhouse unless it is moved before the end of summer 2013. A new two (2) story, approximate 400 square foot addition at the rear of the building will be constructed to allow this 133 year-old historic structure to be used for a restaurant on the first floor and offices on the second floor.

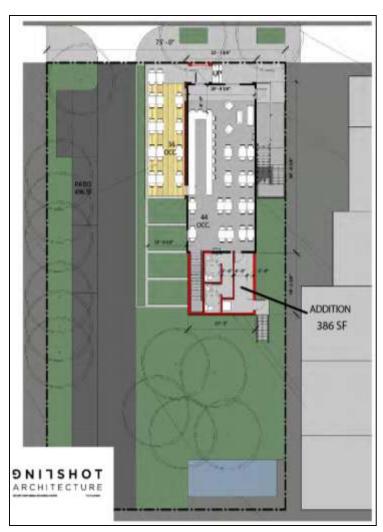
Slingshot Architecture (305 East Court Avenue, Des Moines) is the project architect.

The original rowhouse is shown with a black outline and the proposed new addition in a red outline. The building (original and new addition) must be approved by the State of Iowa Historic Preservation to qualify for the historic tax credits.

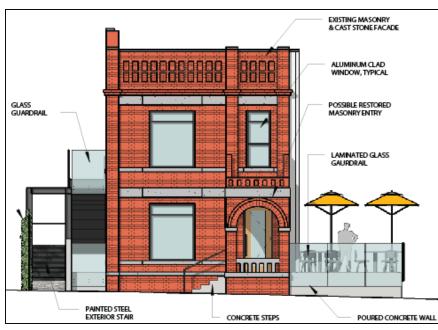
The \$1.2 million estimated costs of this development are higher than normal due to the costs of moving and rebuilding the foundation, meeting historic materials standards, etc.

The redevelopment proposal is contingent on a State of Iowa grant of \$250,000 to assist in the relocation of the rowhouse and a \$225,000 economic development grant from the City. A large portion of the City grant—\$180,000—will be disbursed when the property is purchased and the remaining amount—\$45,000—when the certificate of completion is issued.

The developer is responsible for the construction and operation of a dumpster area that will be made available to tenants currently using the dumpsters on the City surface parking lot at this time.



This plan shows the site and building layout. East Grand Avenue is at the top and the public alley at the base of the picture.



Front view of 425 East Grand Avenue building from East Grand Avenue.

Site and foundation work are anticipated to start in July 2013. The building move is anticipated to occur in August with completion of the building shell by late 2013.

The remaining property owned by the City (a site measuring about 212 feet by 132 feet for a 25,000 square feet footprint) on this East Grand Avenue frontage is of sufficient size and dimension that can be redeveloped with a building that is similarly-sized to the adjacent E300 (300 East Grand Avenue) and the East Village Square Apartments (333 East Grand Avenue) developments.

PREVIOUS COUNCIL ACTION(S):

Date: May 20, 2013

Roll Call Number: 13-0833

Action: Accepting Developer-Initiated Development Proposal from 425 East Grand, LLC, to develop Disposition Parcel No. 02-02A (425 E. Grand Avenue) in the Metro Center Urban Renewal Project, and approving minimum requirements and competitive process for development and notice of intent to accept proposal for sale and development. Moved by Meyer to adopt. Motion Carried 7-0.

<u>Date</u>: May 20, 2013

Roll Call Number: 13-0832

<u>Action</u>: On application from the State of Iowa for a Certificate of Appropriateness for the demolition of Norden Hall, 709 E. Locust Street, and to continue to June 24, 2013 at 5:00 PM and setting date of hearing on June 24, 2013 at 5:00 PM on the designation of 425 E. Grand Avenue as a local landmark upon the relocation of Norden Hall at that address. (Council Communication No. 13-270) Moved by Meyer to adopt. Motion Carried 7-0.

Date: May 6, 2013

Roll Call Number: 13-0711

<u>Action</u>: <u>Authorize</u> voluntary acquisition of 409 E. Grand Avenue from Christensen Development, \$140,000. (<u>Council Communication No. 13-233</u>) Moved by Mahaffey to adopt. Motion Carried 7-0.

Date: October 8, 2001

Roll Call Number: 01-3010

<u>Action</u>: Authorizing acquisition of property located at 425 East Grand Avenue in Eastern Gateway from Neighborhood Improvement Corporation in the amount of \$258,460 plus closing costs of \$1,758.89. Moved by McPherson to adopt. Motion Carried 6-1. Nays: Flagg.

BOARD/COMMISSION ACTION(S):

Board: Urban Design Review Board

Date: June 18, 21013

Action: The Board recommended approval of the final conceptual design for the site.

Board: Local Landmark Review Board

Date: June 18, 21013

<u>Action</u>: The Board recommended redesignation the structure as a Local Landmark when it is moved to its new location.

Board: Plan and Zoning Commission

Date: June 20, 21013

<u>Action</u>: The Commission will receive the Landmark Review Board recommendation from its June 18, 2013 meeting; the Commission's recommendation on Local Landmark status will be sent to the City Council under separate cover. In addition, the Commission will also review the site plan for 425 East Grand Ave.; the Commission's recommendation on Local Landmark status will be sent to the City Council under separate cover.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

The City will be responsible for the administration and disbursal of the State of Iowa grant for the relocation of the rowhouse.

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