

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b>	July 29, 2013
	<b>Agenda Item No.</b> <b>Roll Call No.</b> <b>Communication No.</b> <b>Submitted by:</b>	<b>50B</b> <b><u>13-1237</u></b> <b><u>13-389</u></b> <b>Matthew A. Anderson,</b> <b>Assistant City</b> <b>Manager</b>

**AGENDA HEADING:**

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 Area, approving minimum requirements and competitive process for development and authorizing public notice of intent to accept proposal for sale and development.

**SYNOPSIS:**

There has been a change to the previously approved historic rowhouse development proposal from 425 East Grand, LLC (Jake Christensen, Christensen Development, 506 3<sup>rd</sup> Street Suite 300, Des Moines, IA 50309). The redevelopment proposal previously included the construction of a 400 square+ addition on the south wall of the rowhouse to provide kitchen and restroom facilities. However, due to rapidly increasing contractor and subcontractor costs, it is not financially feasible to maintain the addition which was incorporated into the minimum development requirements when this property was offered for redevelopment in June/July 2013. The City’s Legal Department has determined that the elimination of the addition represents a substantive change in the project prior to its construction and has advised the project be re-offered.

**FISCAL IMPACT:**

Amount: Receipt of \$180,000 for the sale of 425 East Grand Avenue; Expenditure of \$225,000 for economic development grant of which \$180,000 will be disbursed when the property is purchased and the remaining amount—\$45,000—when the certificate of completion is issued.

Funding Source: Economic Development Enterprise Account, SP743-CMOO980717-480060 for receipt and funding of economic development grant.

**ADDITIONAL INFORMATION:**

There are significant similarities between the previous and current proposals: both provide for moving the rowhouse structure, known as Norden Hall, to the eastern-most 75 feet of the City-owned surface lot located at 425 East Grand Avenue. The structure would then be renovated for commercial uses with a west wall outdoor deck, rain garden, and on-site parking. The developer is also 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.

The developer has submitted a revised site design plan with the following changes:

- a. No new construction building addition is proposed.
- b. A full basement, rather than a partial basement, will be added.
- c. The previous external stairway on the east wall is now contained within the building.

The roll call on the July 29, 2013 agenda provides for the following:

- a. Accepts the redevelopment proposal and requests competing proposals.
- b. Adopts minimum development requirements that must be met by competing proposals for new construction or relocation of a historic structure.
- c. If no other responsive proposal is received on or by August 23, 2013, sets the date of public hearing for the execution of the redevelopment agreement for the August 26, 2013 City Council meeting.

Because the City did not receive any proposals when the previous offering of the property for the relocation of the rowhouse was made, it is recommended the offering period be made as short as possible in order to have construction begin as quickly as possible.

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

Site and foundation work are anticipated to start in September 2013; the developer may request a license agreement in late August if it appears that no other competing proposal will be made; any work done on the site under a license agreement is totally at the developer's risk. However, starting grading and preliminary foundation work will assist in avoiding cold weather construction. The building move is anticipated to occur in late September with completion of the building shell by late 2013. The State, which currently owns the rowhouse located at 709 East Locust Street, has indicated its willingness to provide for a delay in moving the rowhouse which was previously scheduled to occur in mid-August and will provide a \$250,000 grant to the City to assist in the relocation of the structure.

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

Date: June 24, 2013

Roll Call Number: [13-1047](#), [13-1048](#) and [13-1049](#)

Action: [Issuing](#) a Conditional Certificate of Appropriateness for the relocation of Norden Hall, from 709 E. Locust, terminating the designation as a Local Landmark and designating 425 E. Grand Avenue as a Local Landmark upon relocation to that address. ([Council Communication No. 13-333](#)) Moved by Meyer to adopt. Motion Carried 7-0.

(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 E. Grand Avenue) in the Metro Center Urban Renewal Project. ([Council Communication No. 13-339](#)) Moved by Meyer to adopt. Motion Carried 7-0.

(B) [Approving](#) Conceptual Development Plan and execution of Special Warranty Deed to 425 East Grand, LLC. Moved by Meyer to adopt. Motion Carried 7-0.

Date: May 20, 2013

Roll Call Number: [13-0832](#) and [13-0833](#)

Action: [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.

(A) [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.

Date: May 6, 2013

Roll Call Number: [13-0711](#)

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

Date: October 8, 2001

Roll Call Number: 01-3010

Action: 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

Action: 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

Action: 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 Avenue; the Commission's recommendation on Local Landmark status will be sent to the City Council under separate cover.

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

The following meetings relating to this project are anticipated:

- August 6, 2013: Landmark Review Board (Local Landmark designation) and Urban Design Review Board (final design plans).
- August 15, 2013: Plan and Zoning Commission (Local Landmark designation).
- August 26, 2013: City Council (Local Landmark designation, open/close public hearing if no other responsive competitive proposal is received and approve execution of deed to convey property).

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