

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	August 26, 2013
	Agenda Item No.	51
	Roll Call No.	<u>13-1366</u>
	Communication No.	<u>13-447</u>
	Submitted by:	Matthew A. Anderson, Assistant City Manager

AGENDA HEADING:

Approve Agreement for Economic Development Assistance for the Redevelopment of the Hotel Randolph, Earle & Le Bosquet and Youngerman Block Buildings (NW corner of 4th Street and Court Avenue).

SYNOPSIS:

The developer, Randolph Apartments Limited Partnership (George Sherman, president of George Sherman and Associates, 233 Park Avenue, S/Suite 201, Minneapolis, MN) has proposed redevelopment of the Hotel Randolph and its adjacent buildings for a mixed use project that will create 55 residential units and about 7,700 square feet of first floor commercial space.

Total project costs are now approximately \$16 million; the developer has requested an economic development grant to fill a \$2.75 million gap between project costs and sources of funding to undertake the needed major renovations for this key location. There has been about \$1.5 million in increased costs since April 2013 when the preliminary terms of agreement were approved by the Council including \$2.5 million in tax increment financial assistance. The developer has requested an additional \$225,000 to assist in the relocation activities which are anticipated to total over \$380,000.

FISCAL IMPACT:

Amount: About \$3.4 million over a 10 year period based on an initial \$227,000 payment starting in late 2014 or when the project is completed with an additional \$25,000 each year over the remaining nine (9) years of payments; these payments are approximately equivalent to a net present value of \$2.725 million at 4.5 %. The tenth year payment may be adjusted downward if the relocation assistance payments are less than anticipated or other funding sources are identified to reduce the added costs due to the relocation assistance.

Funding Source: Metro Center Urban Renewal Area Tax Increment Financing District Revenues; an individual account for this project will be created.

ADDITIONAL INFORMATION:

Redevelopment of the Randolph Hotel “complex”—the Hotel Randolph at 202 4th Street, the Youngerman Block Building directly north of the Randolph at 201 4th Street, and the currently vacant adjacent Earle & Le Bosquet Building at 407 Court Avenue—has been proposed by George Sherman and Associates. Project costs total slightly over \$16 million.

The upper levels of the Randolph, Earle & Le Bosquet and the Youngerman Block Buildings will be converted from its current 88 transient/hotel rooms into 55 market-rate apartments (14 studio, 30 one (1)bedroom, and 11 two (2)bedroom units) and about 7,700 square feet of first floor commercial space.

Amenities include a common area with a 24-hour exercise room with a full range of equipment, a business center, laundry facilities, and on-site management. Major exterior components of the project will be refurbishment of the masonry and windows with interior installation of all new safety and energy code systems, including fire sprinklers. Substance Architecture (1300 Walnut Street/ Des Moines) is the project architect.

All three (3) buildings are on the National Register and will receive federal and state historic tax credits. Improvements will be done in accordance with National Register of Historic Places standards.

The Council had previously identified relocation of the existing hotel customers as an important component of this project. The developer has contracted with Primary Health Care (PHC) to provide case management and financial assistance for each occupant in finding replacement housing. PHC started work at the Hotel Randolph on August 22, 2013 and will continue through to October 24, 2013; each occupant has received a hand delivered 60 day notice to vacate the building by October 24, 2013.

PHC has provided a plan that provides a comprehensive relocation process for the current occupants. (As of August 9, 2013, no new guests have been accepted by the Hotel Randolph.) PHC has identified the key barriers to new housing for the hotel occupant: mental/physical health issues, prior rental history such as utility arrears, homelessness, and criminal history). The caseworker will provide individual assistance on these barriers by working with other social service agencies and will provide financial assistance based on barriers such as rental application fees, damage deposit and first months' rent. Other services, such as packing and moving, will be provided at no cost to the occupant. If the occupant does not want to use PHC services, a \$200 gift card will be provided.

This is a much needed project at a highly visible, linchpin location that impacts many other Court Avenue area properties.

-- It retains and greatly improves these buildings which provide a major historic component to the area.

-- Overall, Court Avenue and the 4th Street corridor linking Walnut Street to the Science Center will receive a boost with this new investment on a large site that has deteriorated significantly over the years.

-- With the much improved appearance of these structures, there will be a major positive impact with enhanced marketability on the City-owned site to the south.

The proposed plan for relocation services and staffing by PHC is a well thought out approach that provides immediate assistance and resources for the Hotel Randolph occupants.

Renderings of Hotel Randolph Buildings “Complex”



Proposed renovation of the Earle & Le Bosquet and Hotel Randolph Buildings on the north side of the 400 block of Court Avenue.



Hotel Randolph and Youngerman Building on the west side of the 200 block of 4th Street.

PREVIOUS COUNCIL ACTIONS

Date: April 8, 2013

Roll Call Number: [13-0612](#) and [13-0613](#)

Action: [Preliminary](#) terms of agreement with Randolph Apartments GP LLC for the redevelopment of the Hotel Randolph and the adjacent Earl & Le Bosquet and Youngerman Block buildings located at the NW corner of 4th Street and Court Avenue, 55 residential units and first floor commercial space. ([Council Communication No. 13-157](#)) Moved by Hensley to adopt. Motion Carried 7-0.

(A) [Application](#) to the Iowa Economic Development Authority for enterprise zone benefits for the Randolph Apartments GP LLC Housing Project in the Gateway Enterprise Zone. Moved by Hensley to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Urban Design Review Board

Date: August 20, 2013

Resolution Number: NA

Action: Unanimously recommended approval of the proposed tax increment assistance package and the proposed development designs (quorum not present).

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Relocation activities are underway with a late October completion date. Construction would begin in late 2013 with the project completed in late 2014/early 2015.

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the first floor of City Hall, 400 Robert D. Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to cityclerk@dmgov.org.