

 <div style="text-align: center;"> <h1 style="margin: 0;">Council</h1> <h1 style="margin: 0;">Communication</h1> <p style="margin: 0;">Office of the City Manager</p> </div>	Date:	December 23, 2013
	Agenda Item No.	35
	Roll Call No.	[]
	Communication No.	<u>13-624</u>
	Submitted by:	Matthew A. Anderson, Assistant City Manager

AGENDA HEADING:

Approval of resolution by City of Des Moines not to exercise right of refusal and option to purchase real estate located at 1301 Locust Street (Arlington Apartments) and 1305 Locust Street (Hallett Flats).

SYNOPSIS:

As part of the Western Gateway project undertaken about 14 years ago, the City provided financial assistance for the purchase and renovation of the Arlington Apartments and Hallett Flats property by Metropolitan Holdings, Inc. d/b/a Arlington & Hallet, L.P. (Jodie Beavers and Leslie Gearhart, 1305 Locust Street, Des Moines, IA). The conveyance documents provided the City the first right of refusal and option to purchase the property upon the same terms and conditions offered by a third party buyer. Arlington & Hallet, L.P. has notified the City of its intent to sell the property for \$3,260,000 and has requested an expedited response that the City will not exercise its right of first refusal and option to purchase the property.

FISCAL IMPACT: NONE

ADDITIONAL INFORMATION:

The conveyance documents also provided that when the property is sold there could be a “recapture” from the purchase price of the City’s financial assistance, up to \$540,179, after subtracting the initial developer investment of \$1.9 million in the property plus a 5% annual increase to this amount. In this case, the \$1.9 million investment plus 5% annual increase totals about \$3.47 million that exceeds the buyer’s offered price of \$3.26 million; thus no amount is available for recapture to the City.

It should also be noted the limitations on the re-use of this property will remain in place as covenants on the deed. The restrictions include certain non-permitted commercial uses for the first floor (such as gas stations, offices, photocopying shops, and parking lots).

PREVIOUS COUNCIL ACTION(S):

Date: April 17, 2000

Roll Call Number: 00-1133 and 00-1134

Action: Sale of Arlington/Hallett Apartments, 1301 and 1305 Locust Street by Des Moines Development Corporation to Metropolitan Properties to be renovated in conjunction with the Western

Gateway Project.([Council Communication No. 00-165](#)) Moved by Hensley to adopt. Motion Carried 4-3. Nays: McPherson, Brooks and Vlassis.

(A) Communications and petitions received regarding sale of the Arlington/Hallett apartments.
Moved by Vlassis to receive and file. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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