

 <p style="text-align: center;"><b>Council</b> <b>Communication</b> Office of the City Manager</p>	<b>Date:</b>	September 14, 2015
	<b>Agenda Item No.</b>	<b>34</b>
	<b>Roll Call No.</b>	<u>15-1520</u>
	<b>Communication No.</b>	<u>15-496</u>
	<b>Submitted by:</b>	<b>Matthew A. Anderson,</b> <b>Assistant City Manager</b>

**AGENDA HEADING:**

Approving preliminary terms of agreement with 219 East Grand, LLC for a mixed-use project located at 219 East Grand Avenue.

**SYNOPSIS:**

219 East Grand, LLC (Jake Christensen and Tim Rypma, officers and Jim Cownie, principal investor) has proposed a development mix of market rate housing and retail space on the northwest corner of East Grand and East 2<sup>nd</sup> Street on an existing privately-owned parking lot. The developer is proposing a 6-story building that includes ground floor retail extending along East Grand and East 2<sup>nd</sup>. The \$24 million project includes five (5) floors of one (1) and two (2) bedroom apartments, for a total of approximately 100 market rate housing units. City Staff has negotiated the financial assistance package listed below.

**FISCAL IMPACT:**

Amount: 100% tax abatement for years 1-10, 50% new project-generated tax increment in years 11-15 following abatement

Funding Source: Project generated tax increment

**ADDITIONAL INFORMATION:**

The developer is proposing a 6-story building that includes ground floor retail extending along East Grand and East 2<sup>nd</sup> Avenues with five (5) floors of one (1) and two (2) bedroom apartments, for a total of approximately 100 housing units. The L-shaped building envelopes a landscaped courtyard, planned to be a semi-private space accessible by a large portal in the building along East Grand Avenue. The ground floor will contain 16,000-square-feet of commercial space slated for a signature restaurant and smaller commercial tenants. This commercial space will bring much-needed retail supply to the East Village, as current space in the neighborhood is nearly 100% occupied. The design team includes Neumann Monson Architects, Genus Landscape Architects, and CEC (civil engineer). Construction start is anticipated in spring 2016, with completion planned for mid-2017.

A related project on the current City Hall parking lot site will provide parking for this 219 East Grand and adjacent users. The mix of residential, office, and hotel users in the neighborhood makes efficient use of the proposed parking garage. The City Hall parking lot development is proceeding on a parallel timeline and will be presented to City Council for consideration at a later date. The proposed financing and ownership structure of this garage may include a lease-purchase agreement. The details of that

financing proposal are currently under negotiation. During the negotiation period, 219 East Grand, LLC is incurring significant architecture, engineering, traffic study costs to facilitate the garage development. Should the City choose not to pursue the parking garage project with 219 East Grand, LLC, staff will recommend compensating 219 East Grand LLC for their cost to-date in exchange for City ownership of the architectural plans.

The Historic East Village Neighborhood Association has issued a letter of support for the joint 219 East Grand and City Hall parking lot development projects. They specifically recognized the importance of enhancing neighborhood walkability, the introduction of another interesting mixed-use property, and seeking to address parking needs in the neighborhood.

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

Date: June 22, 2015

Roll Call Number: [15-1088](#)

Action: [Regarding](#) development of the City-owned parking lot, east of City Hall. ([Council Communication No. 15-318](#)) Moved by Gatto to adopt. Motion Carried 7-0.

Date: May 18, 2015

Roll Call Number: [15-0870](#)

Action: [Regarding](#) development of the City-owned parking lot, east of City Hall (continued from May 4<sup>th</sup>). ([Council Communication No. 15-250](#)) Moved by Gatto to receive and file. Motion Carried 7-0.

#### **BOARD/COMMISSION ACTION(S):**

Board: Urban Design Review Board

Date: August 18, 2015

Action: Motion to approve preliminary design as presented. Motion by McRae, seconded by Reynolds. Motion approved 7-0.

#### **ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

- City Council review and consideration of final development agreement with 219 East Grand LLC.
- City Council review and consideration of the Conceptual Development Plan as recommended by the Urban Design Review Board.
- City Council review and consideration of multiple actions related to the redevelopment of the City Hall parking lot site.

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](mailto:cityclerk@dmgov.org).