

 <p style="text-align: center;"><b>Council</b> <b>Communication</b> Office of the City Manager</p>	<b>Date:</b>	March 21, 2016
	<b>Agenda Item No.</b>	<b>23</b>
	<b>Roll Call No.</b>	<b><u>16-470</u></b>
	<b>Communication No.</b>	<b><u>16-148</u></b>
	<b>Submitted by:</b>	<b>Matthew A. Anderson, Assistant City Manager</b>

**AGENDA HEADING:**

Approving Preliminary Terms of Agreement for Redevelopment of the buildings located at 317 E Court Avenue and 322 E Court Avenue.

**SYNOPSIS:**

The developer, 317 E Court, LLC (Jake Christensen, Christensen Development, 215 E 3<sup>rd</sup> Street, Suite 300, Des Moines, IA) is proposing a renovation of the two (2) existing commercial buildings located at 317 E Court Avenue and one (1) existing commercial building 322 E Court Avenue for office and restaurant/commercial uses. The total project is anticipated to cost \$6.2 million.

Renovating and repurposing the buildings for new retail, restaurant and office uses will extend the commercial vitality of the Historic East Village further south, making progress in linking the emerging Market District with the established East Village neighborhood.

The developer has provided the Office of Economic Development with a financial analysis of the \$6.2 million project, which indicated a gap between actual project costs and the project appraisal. The Office of Economic Development has negotiated preliminary terms of agreement with 317 E Court, LLC for a financial assistance package to be provided from project generated tax increment.

**FISCAL IMPACT:**

AMOUNT: The proposed financial assistance package will consist of a declining percentage of project-generated tax increment revenues based on the following: 90% in years 1-5, 85% in years 6-9, 80% in years 10-12, and 75% in years 13-15.

Funding Source: Metro Center TIF - Each project will have a specific fund code assigned by the Finance Department.

**ADDITIONAL INFORMATION:**

- This project will substantially renovate and repurpose a total of three (3) existing buildings on two (2) parcels that are located opposite from one another in the 300 block of E Court Avenue.
- The property at 317 E Court Avenue contains two (2) buildings previously used as office and warehouse space that are currently vacant. A portion of the existing office building will be demolished, resulting in approximately 10,000 square feet of speculative restaurant and retail space that will be leased when completed.

- The property at 322 E Court Avenue includes one (1) 15,000-square-foot building that will be refurbished for the creation of new competitively-leased office space and/or retail space. The building is currently occupied by the Kryger Glass Company, which will vacate the site.
- The Office of Economic Development will work with the developer and business owner with the goal of finding a suitable relocation site for the Kryger Glass Company within the City of Des Moines.
- The current condition and/or vacancy status of the three (3) buildings located on these properties have resulted in low assessed building valuations, currently assessed at a combined \$518,200 for both parcels. It is estimated that the total assessed property valuation will increase approximately 500% to \$2,500,000 after improvements are made and the buildings are reoccupied.
- In addition to Urban Design Review Board review, redevelopment of the properties will be subject to applicable design guidelines per the Downtown Overlay District. Such design guidelines will apply to site landscaping, pedestrian connectivity, undergrounding existing overhead wires, and other site-related aesthetic improvements.



**PREVIOUS COUNCIL ACTION(S): NONE**

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

- Urban Design Review Board – Proposed financial assistance and preliminary and final design review.
- Plan and Zoning Commission – Review of site plan.
- City Council—Approving Final Terms of Urban Renewal Development Agreement.

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).