

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: June 27, 2016
	Agenda Item No. 36 Roll Call No. <u>16-1053</u> Communication No. <u>16-335</u> Submitted by: Matthew A. Anderson, Assistant City Manager

AGENDA HEADING:

Resolution approving final terms of an Urban Renewal Development Agreement with 317 E Court, LLC and 322 E Court, LLC for the Redevelopment of 317 E Court Avenue and 322 E Court Avenue.

SYNOPSIS:

The developer, 317 E Court, LLC and 322 E Court, LLC (Jake Christensen, Christensen Development, 215 E 3rd 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 terms of agreement with 317 E Court, LLC and 322 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 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 on both parcels. It is estimated that the total assessed building valuations 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):

Date: March 21, 2016

Roll Call Number: [16-0470](#)

Action: [Preliminary](#) Terms of Agreement for development of the buildings located at 317 E. Court Avenue and 322 E. Court Avenue. ([Council Communication No. 16-148](#)) Moved by Gatto to approve the preliminary terms of agreement as set forth in Council Communication No. 16-148 and to direct the City Manager or his designee to negotiate final terms of agreement for future consideration by the City Council. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Urban Design Review Board

Date: June 7, 2016

Resolution Number: N/A

Action: Motion to approve the final design as presented noting the Board's comments by Hielkema. Seconded by Rypma. Yes = 6; No = 0, Absent = 4, Abstain = 1.

Board: Urban Design Review Board

Date: May 17, 2016

Resolution Number: N/A

Action: Motion to approve the financial assistance package by Reynolds. Seconded by Hielkema. Yes = 10; No = 0, Absent = 1, Abstain = 0.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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