

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b>	September 12, 2016
	<b>Agenda Item No.</b>	<b>83A</b>
	<b>Roll Call No.</b>	<b><u>16-1573</u></b>
	<b>Communication No.</b>	<b><u>16-516</u></b>
	<b>Submitted by:</b>	<b>Matthew A. Anderson, Assistant City Manager</b>

**AGENDA HEADING:**

Resolution approving final terms of an Urban Renewal Development Agreement with Neighborhood Development Corporation (NDC) for the removal of blighted properties and redevelopment of a multi-family residential project.

**SYNOPSIS:**

Recommend approval of an Urban Renewal Development Agreement with NDC to assemble five (5) parcels located along Forest Avenue, between 32<sup>nd</sup> and 33<sup>rd</sup> Streets to construct a 2-story, 50-unit, multi-family residential project. The project will consist of three (3) buildings including: a 20-unit building along Forest Avenue, a 16-unit building along 33<sup>rd</sup> Street, and a 14-unit building along 32<sup>nd</sup> Street. The total cost including acquisition, soft costs, and construction is approximately \$7.6 million.

**FISCAL IMPACT:**

Amount: The proposed financial assistance package will consist of a declining percentage of project-generated tax increment revenues based on the following: 100% in years 1-5; 80% in year six (6); 60% in year seven (7); 40% in year eight (8); 20% in years nine (9) and 10. The exact amounts of the installments will be determined by the assessed value as determined by the Polk County Assessor.

Funding Source: Forest Avenue Tax Increment Finance (TIF) District, to be created.

**ADDITIONAL INFORMATION:**

NDC has purchased five (5) parcels along Forest Avenue, between 32<sup>nd</sup> and 33<sup>rd</sup> Streets. NDC intends to clear the parcels and assemble the property for redevelopment of 50 units of market-rate apartments. Presently, the five (5) parcels (3221 Forest Avenue, 3211 Forest Avenue, 3201 Forest Avenue, 1420 32<sup>nd</sup> Street, and 1414 32<sup>nd</sup> Street) consist of two (2) duplexes, two (2) commercial buildings, and a vacant parcel. NDC also tried to purchase the property at 1410 32<sup>nd</sup> Street, but were unable to come to terms with the property owner.

The proposed units will be a variety of sizes, consisting of studios, 1-bedroom units, 2-bedroom units, and 3-bedroom units. Due to the proximity to Drake University, NDC expects students to be interested in the units, but the units will be open to all potential renters.

In conjunction with this project, staff is also proposing the creation of a new urban renewal plan – the Forest Avenue Urban Renewal Plan – with the goal of eliminating blight. Of the five (5) parcels within the NDC project and the Plan, four (4) are classified as below normal condition. Generally the

area is characterized by underutilized parcels, parcels that are not adequately sized for redevelopment without assemblage with other land, and dilapidated buildings. All of these conditions have the impact of pulling down the economic viability of the area, and create a need for revitalization.

**PREVIOUS COUNCIL ACTION(S):**

Date: July 25, 2016

Roll Call Number: [16-1212](#)

Action: [Regarding](#) Preliminary Terms of Agreement with Neighborhood Development Corporation (NDC) for development of a 50-unit multi-family housing project at 3201 Forest Avenue. ([Council Communication No. 16-429](#)) Moved by Hensley to approve the preliminary terms of agreement as set forth in Council Communication No. 16-429, 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: September 6, 2016

Resolution Number: N/A

Action: The consensus of the members present was support for the final design as presented.

Board: Urban Design Review Board

Date: August 2, 2016

Resolution Number: N/A

Action: A consensus of the members present supported the financial assistance package as presented.

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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