

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	November 7, 2016
	Agenda Item No.	23
	Roll Call No.	<u>16-1904</u>
	Communication No.	<u>16-647</u>
	Submitted by:	Matthew A. Anderson, Assistant City Manager

AGENDA HEADING:

Resolution accepting development proposal from Market District One, LLC to develop City-owned property at 401 SE 6th Street and 400 SE 7th Street in the Metro Center Urban Renewal Area and setting date of public hearing.

SYNOPSIS:

On October 10, 2016 by Roll Call No. 16-1721, City Council authorized the City Manager to negotiate an urban renewal development agreement based on preliminary terms of agreement with Market District One, LLC, (Frank Levy, Partner 3408 Woodland Suite 504, West Des Moines, Iowa 50266), for sale of City-owned property located at 401 SE 6th Street and 400 SE 7th Street for development of a 4-story, estimated 58-unit multi-family residential building.

This Roll Call presents the development proposal from Market District One, LLC and sets forth the necessary actions for City Council to take regarding the property, including authorizing publication on November 10, 2016 of notice of the required competitive bid process, the City’s intent to accept the Market District One, LLC proposal and the intent to enter into the proposed development agreement following public hearing on December 19, 2016 at 5:00 p.m., if no competing proposals are received.

FISCAL IMPACT:

Amount: The financial assistance package will consist of an economic development grant in the amount of \$125,000 to be paid upon completion of the project, and a declining percentage of project-generated tax increment revenues in years nine (9) through 13 with an estimated total of \$320,000 and an economic development forgivable loan in the amount of \$51,334 for small portions of right-of-way that will need to be vacated and conveyed to accommodate the project.

The developer will also utilize 10-year declining tax abatement, (per revised schedule effective November 1, 2017 in the Second Amended and Restated Urban Revitalization Plan).

The developer will purchase the City-owned property for fair market value at \$383,373.

Funding Source: Metro Center Urban Renewal Tax Increment (economic development grant at project completion) and project generated tax increment in the Metro Center Urban Renewal Area Years nine (9) through 13, ROW land sale proceeds. A specific fund code will be assigned by the Finance Department.

ADDITIONAL INFORMATION:

- The proposed project is located at the intersection of SE 6th and East Martin Luther King Jr. Parkway, which is the southern gateway into the Historic East Village Neighborhood. This project represents a pioneering effort to introduce the first residential project into the emerging Market District redevelopment area.
- The development will introduce a mix of one (1) and two (2) bedroom, market rate and affordable housing units into the neighborhood, consisting of 27 dwelling units renting at market rates, 24 dwelling units for residents meeting 80% of median family income, and two (2) units set aside for residents meeting 30% of median family income. The inclusion of affordable housing in this project is noteworthy. Most downtown housing developments currently under construction are slated to be rented at market rates, leaving a need for more affordable units to be added to this submarket.
- It is contemplated that other future residential or mixed-use projects will develop in the Market District, but the current adjacent land uses to this project site are largely industrial in nature. Constructing the first residential project in this transitioning redevelopment district presents a market risk for the developer, who may see lower rents and rate of return until other more compatible uses can develop around the project.
- The prior acquisition of property necessary for the completion of the East Martin Luther King Jr. Parkway project from SE 4th to SE 10th Street has left properties that are challenging to redevelop along the north side of the corridor. The properties are narrow in depth and wedged between various existing rights-of-way. Staff has spent considerable and mutually cooperative time working with the developer and their design team to provide a concept that can meet various urban design-related goals of the City. It is anticipated that the layout and form of this project could also be emulated on other adjoining blocks facing the same parcel size constraints.

PREVIOUS COUNCIL ACTION(S):

Date: October 10, 2016

Roll Call Number: [16-1721](#)

Action: [City](#) Manager to negotiate agreement based on preliminary terms with Market One, LLC for residential development at 401 SE 6th Street and 400 SE 7th Street. ([Council Communication No. 16-592](#)) Moved by Hensley to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Urban Design Review Board

Date: November 1, 2016

Resolution Number: N/A

Action: Motion to approve preliminary design with Board comments noted by Weisenbach. Seconded by Heiman-Godar. Motion carried. Yes = 8, No = 0, Absent = 3, Abstain = 0.

Date: November 1, 2016

Resolution Number: N/A

Action: Motion to approve financial assistance as presented by Reynolds. Seconded by Heiman-Godar. Motion carried. Yes = 8, No = 0, Absent = 3, Abstain = 0.

Board: Urban Design Review Board

Date: March 15, 2016

Resolution Number: N/A

Action: Informational review only.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- Final design review by Urban Design Review Board.
- Plan & Zoning Commission review.
- Public hearing on Sale of Land and Final Development Agreement review by City Council.
- Closing date set for Sale of Property.

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