

Date November 21, 2011

COMMUNICATION from the City Plan and Zoning Commission advising that at a public hearing held on November 3, 2011, the members recommended by a vote of 10-0 to find the proposed Fourth Amendment to the Urban Renewal Plan for the SE AgriBusiness Urban Renewal Area in conformance with the Des Moines' 2020 Community Character Plan. This amendment includes a proposed 220 acre expansion of the existing Urban Renewal Area and expansion of the urban renewal project proposals that may be undertaken with tax increment assistance including the Municipal Services Center.

MOVED by _____ to receive and file.

FORM APPROVED:


 Michael F. Kelley
 Assistant City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
GRIESS				
HENSLEY				
MAHAFFEY				
MEYER				
MOORE				
TOTAL				

CERTIFICATE

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

MOTION CARRIED

APPROVED

 Mayor

 City Clerk

November 9, 2011

49 A

Honorable Mayor and City Council
City of Des Moines, Iowa

Members:

Communication from the City Plan and Zoning Commission advising that at their meeting held November 3, 2011, the following action was taken:

COMMISSION RECOMMENDATION:

After public hearing, the members voted 10-0 as follows:



CITY PLAN AND ZONING COMMISSION
ARMORY BUILDING
602 ROBERT D. RAY DRIVE
DES MOINES, IOWA 50309 -1881
(515) 283-4182

ALL-AMERICA CITY
1949, 1976, 1981
2003

Commission Action:	Yes	Nays	Pass	Absent
JoAnne Corigliano	X			
Shirley Daniels	X			
Jacqueline Easley	X			
Tim Fitzgerald	X			
Dann Flaherty	X			
John "Jack" Hilmes				X
Joel Huston	X			
Ted Irvine				X
Greg Jones				X
William Page	X			
Christine Pardee	X			
Mike Simonson	X			
Kent Sovern	X			
CJ Stephens				X

APPROVAL of the proposed Fourth Amendment to the Urban Renewal Plan for the SE AgriBusiness Urban Renewal Area in conformance with the Des Moines' 2020 Community Character Plan.

STAFF RECOMMENDATION TO THE P&Z COMMISSION

Staff recommends that the Commission find the Fourth Amendment to the Urban Renewal Plan for the SE AgriBusiness Urban Renewal Area in conformance with the Des Moines' 2020 Community Character Plan.

STAFF REPORT

I. GENERAL INFORMATION

The SE AgriBusiness Urban Renewal Area Plan and tax increment designation were approved for this area in 1998. On October 24, 2011, the City Council forwarded the proposed Fourth Amendment to the Plan and Zoning Commission for review and a determination as to whether the amendment is in conformance with the Des Moines' 2020 Community Character Plan.

The purpose of the Fourth Amendment to the Urban Renewal Plan for the SE AgriBusiness Urban Renewal Project is to update and restate the plan language and maps since its last amendment in October 27, 2008 on various items, including:

- Expand the existing urban renewal area with a 220 acre area bounded by Maury Street, East Market Street, Southeast 14th Street, and Southeast 18th Street.
- Various additions to text throughout the urban renewal plan reflect that new, well-designed salvage yard operations which incorporate modern efficiencies, integrate best practices into operations and meet upgraded City standards for landscaping, screening and exceed other requirements may be considered an appropriate land use for the urban renewal area.
- Map 7(Revised) shows the addition of four Disposition Parcel Nos. 2-5 reflecting property the City has purchased for future redevelopment on the north side of Vandalia Road between SE 34th to SE 38th Street.

The SE AgriBusiness Urban Renewal Area was concurrently designated a tax increment area in January 1998. The “frozen” tax base was about \$49 million. Since then, there has been \$41 million in new tax base added, generating about \$1.64 million in TIF revenues annually. Upcoming acquisitions related to the Southeast Connector and the proposed municipal services campus will likely reduce this existing taxable base by adding land to the public sector. The City currently uses that revenue to pay off bonds issued for land acquisition and infrastructure installation. It is anticipated that future TIF revenues will continue to be targeted for the cost of public projects within the area, including planning, design, land acquisition and project construction.

II. DES MOINES’ 2020 COMMUNITY CHARACTER PLAN

Chapter 1 of Des Moines’ 2020 Community Character Plan is titled “Underlying Principals” and includes the following goals:

- Promote economic growth and efficiency.
- Create a livable community for several generations.
- Encourage growth in the existing city limits.

Chapter 5 of Des Moines’ 2020 Community Character Plan is titled “Existing Character of Commercial Land Use” and includes the following goals:

- Heavy Industrial uses that operate with negative impact on their surroundings should be required to mitigate their impact. Negative impacts can sometimes be buffered with natural or built features to shelter surrounding areas from the most negative impacts.
- Engage in pollution clean up to be able to provide clean competitive sites for new industrial development and protection for the community.
- Encourage industrial development that provides a high density of jobs per acre.

Staff believes the amendment is in conformance with the goals of the Des Moines’ 2020 Community Character Plan.

Furthermore, the Des Moines’ 2020 Community Character Land Use Plan designates the property on the north side of Vandalia Road between SE 34th and SE 38th Street as

Planned Business Park. The proposed redevelopment at this location would be compatible with this designation.

SUMMARY OF DISCUSSION

There was no discussion

COMMISSION ACTION

Kent Sovern moved staff recommendation to find the Fourth Amendment to the Urban Renewal Plan for the SE AgriBusiness Urban Renewal Area in conformance with the Des Moines' 2020 Community Character Plan.

Motion passed 10-0

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michael Ludwig".

Michael Ludwig, AICP
Planning Administrator

MGL:clw

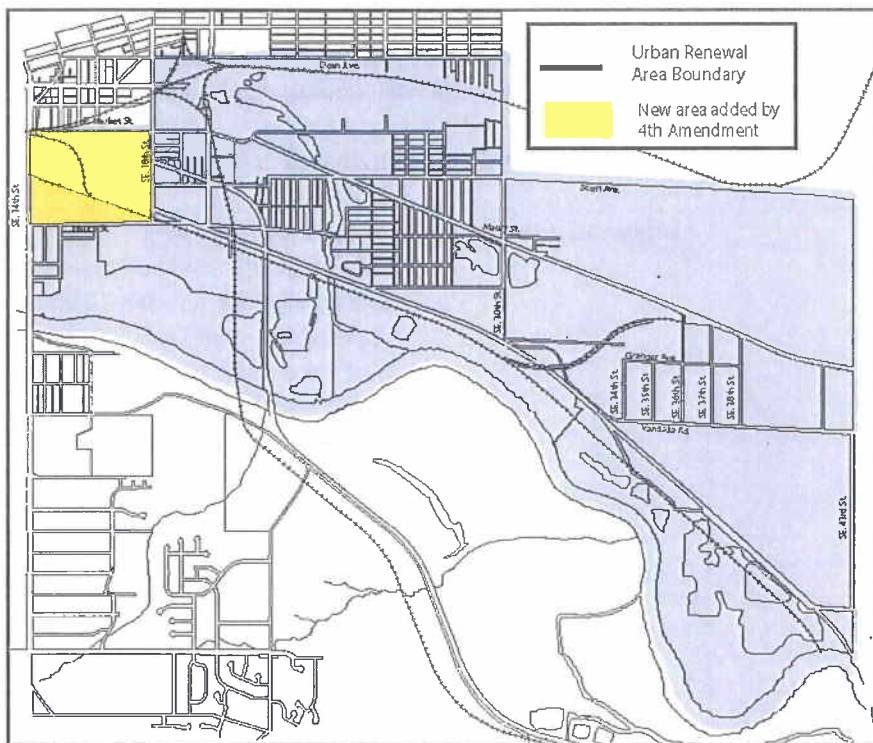
cc: File

November 3, 2011

Re: Report on Existing Conditions within the Proposed Area –Subarea B-- to be added to the SE AgriBusiness Urban Renewal Area

To the Honorable Mayor and City Council:

The City of Des Moines is proposing to designate an area, further described below, to the SE AgriBusiness Area Urban Renewal Area. In accordance with state law (Chapter 403, *Code of Iowa*), the City Council must determine by resolution that an area of the city contains conditions which qualify as a slum, blighted and/or economic development area before designating the area as an urban renewal area. The SE AgriBusiness Area was found to contain extensive slum/blight conditions as well as having economic development potential in accordance with the Code of Iowa at the time of its designation in 1998.



The approximate 120 acres area proposed for addition to the existing SE Agribusiness Urban Renewal Area, is referred to as Subarea B in this report.

Subarea B is shown in the yellow area on the map to the right with the existing SE Agribusiness Urban Renewal Area shown in gray.

Subarea B is located directly adjacent to the western portion of the SE Agribusiness Urban Renewal Area.

Its general boundaries are
East to West: E. 14th to E. 18th St. and
North to South: E. Market St. to Maury St.

This report will address the existing slum/blight conditions and the potential for economic development in Subarea B to show it is appropriate to expand the SE AgriBusiness Urban Renewal Area with the addition of this area.

A. Slum/Blight Conditions

This report details the conditions which meet the State of Iowa-mandated requirements for declaring Subarea B as an area containing blight conditions. More specifically, Chapter 403.17(4) defines a 'blighted area' as:

. . . an area of a municipality within which the local governing body of the municipality determines that the presence of a substantial number of slum, deteriorated or deteriorating structures; defective or inadequate street layout; faulty lot layout in relation to size, adequacy,

accessibility, or usefulness; unsanitary or unsafe conditions; deterioration of site or other improvements; diversity of ownership, tax or special assessment delinquency exceeding the fair market value of the land; defective or unusual conditions of title; or the existence of conditions which endanger life or property by fire and other causes; or any combination of these factors; substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations, or constitutes an economic or social liability and is a menace to the public health, safety, or welfare in its present condition and use. . .

“Blighted area” does not include real property assessed as agricultural property for the purposes of property taxation; there is no property assessed as “agricultural” in Subarea B.

Building Conditions

The building condition ratings contained in the City Assessor’s property records were reviewed to provide information on building and improvement conditions in the non-agriculturally-assessed portions of the proposed urban renewal area. The Assessor’s condition rating system includes interior and exterior conditions of a structure and provides a correlation of building conditions to the tax base. Staff conducted a field visit to cross-check exterior conditions as shown by Assessor’s rating; they concur with the Assessor’s ratings that a large number of structures are in poor or very poor condition. Map 1 provides shows the location and condition of the residential and commercial building in Subarea B.

The data shows strong evidence of blighting conditions exist in residential and commercial/industrial use categories.

<i>Item</i>	<i>Residential</i>	<i>Commercial/Industrial</i>	<i>Why is this blighting?</i>
Number buildings in area	13	22	While the number of structures is not an absolute indicator, this information combined with lot size and the overall ratio of building-to-lot size/land size can show if the city’s infrastructure investment is underused. In this case, 35 structures in a 220 acre area is indicative of underused and large amounts of vacant land.
Range of building size	589 - 1,128 square ft. / Average house size: 791 sq. ft.	1,272 to 213,577 sq. ft. Average building size: 18,887 sq. ft.	The size of the structures in this area tends to be small, especially for commercial/industrial usages. Other than a single structure, the former Monfort plant at 1700 Maury St. which totals over 200,000 sq/ ft., most buildings in this area are under 20,000 sq. ft. which is an indication of underutilization for industrial uses which tend to require larger buildings.
Built before 1960:	13 (from 1890 to 1954)	5 (from 1930 to 2004)	Age of structure is generally indicative of obsolete technology, inadequate utilities, increased fire safety concerns, deferred maintenance and increased overall wear/tear on the structure.

<i>Item</i>	<i>Residential</i>	<i>Commercial/Industrial</i>	<i>Why is this blighting?</i>
<p>Assessor rating</p> <p><u>Condition</u></p> <p>Very Poor</p> <p>Poor</p> <p>Below Normal</p> <p>Normal</p> <p>Above Average</p> <p>Excellent</p>	<p><u># properties</u></p> <p>4</p> <p>1</p> <p>6</p> <p>2</p> <p>0</p> <p>0</p>	<p><u># properties</u></p> <p>0</p> <p>4</p> <p>8</p> <p>10</p> <p>0</p> <p>0</p>	<p>The physical condition of the structure, which is reviewed on a regular basis by the assessor's office, shows two-thirds of the building stock in below normal or worse condition. This overall poor condition of the building stock further limits development potential and investment interest in the area.</p>
<p>Value range for structure</p>	<p>\$2,400 - \$58,000; average of \$24,200.</p>	<p>\$400 - \$658,000; average of \$101,000.</p> <p>Note the convenience store at 724 SE14th St. – is the highest assessed value property in the area and accounts for about 16% of the <u>total</u> commercial building assessment for Subarea B.</p>	<p>The overall building value is quite low for both residential and commercial/industrial uses. The lack of value is indicative of the lack of investment, modernization and no new development in the area.</p>
<p>Lot size (lot defined by tax parcel designation by assessor)</p>	<p>4,440 to 16,000 square feet</p>	<p>437 to 580,000 square feet (almost 12 acres.)</p>	<p>Appropriately-sized lots for commercial and industrial use are important in retaining existing companies; often, potential future expansion is limited by multiple ownership of adjoining lots. In addition, many lots in this area are odd shapes due to the former railroad rights-of-way that bisected property to provide rail service.</p>
<p>Value range for land per sq ft.</p>	<p>from 41 – 76 cents /sq ft.</p>	<p>from 11 cents to – \$2.36 /sq ft.</p>	<p>The overall land values in this area are considerably lower than in many other commercial and industrial areas in Des Moines.</p>
<p>Total land area occupied by category use</p> <p>Building :Land Ratio</p>	<p>about 115,000 sq. ft. which is about 2% of the total land area</p> <p>Building to land ratio is not appropriate measure because residential is a non-conforming grandfathered use and the remaining small number of residential structures will continue to decline due to age and overall condition.</p>	<p>about 1.5 million sq. ft. or about 30% of the total land area</p> <p>Building to land ratio : 13% (for every about every 8 sq. ft., of land., there is one sq. ft. of building)</p>	<p>The underutilization of land represents an on-going cost to the municipality that has installed expensive utilities and other infrastructure based on a higher density and usage rates.</p>

Building Conditions Summary:

Residential: Because the area is zoned for commercial and industrial uses, the homes in this area are a non-conforming, grandfathered use that cannot be replaced in the future. The very few residential structures located in this area are small in size and in poor condition as evidenced by site inspection and assessor records; almost 90% of the homes are rated "below normal" or worse which is a clear sign of blight.

Commercial: The few commercial structures located in this area and in below normal/poor condition as evidenced by site inspection, assessor records and are low valued with the exceptions of a single commercial building (a convenience store) located on SE14th St., a high traffic volume arterial street. The number of buildings rated in 'poor' or 'very poor' condition exceeds 55% which is a strong indicator of blighted conditions.

Pictures showing area commercial and residential buildings are attached as Exhibit A. Maps 1 shows the locations of structures in Subarea B and the individual building condition as determined by the assessor.

Vacant Land

Using the assessor's records for properties in Subarea B, about 69 acres (about 60%) are vacant. The assessed value of the vacant land is less than \$6,000/acre or about 13¢/square foot.

Map 3 show the location of vacant land in Subarea B combined with the building condition data. All property north of Scott Street is vacant or if there are buildings, the buildings are in "below normal" or worse condition. The area south of Scott Street is a mixture of building conditions with the residential uses being "below normal" or worse interspersed with tracts of vacant land and commercial structures in normal condition.

Defective or Inadequate Street Layout

Subarea B has a limited street network. The lack of internal connecting streets is due in large part to the salvage yard operations that have spilled over onto public streets and rights-of-way as well as some streets exist as "paper" streets in which they have been platted but never constructed.

Street Conditions:

Street conditions in Subarea B range from narrow dirt pathway with no curbs to portland concrete for Scott Avenue, Maury Street and SE 14th Street which are major trafficways.

The majority of trafficways have been maintained by the City as "asphalt stabilized" which has a short-term life span of 3-5 years. While an asphalt-stabilized street initially has a hard surface, it breaks and crumbles within one-two years of installation and does not have good durability when used by large trucks which is common in this area. As a result, many of the streets used in this area, both by residents and businesses, are in substandard condition. Most existing streets in this area are inadequate in design for the moderate to heavy truck traffic which is reflected in the poor roadway conditions.

Street Circulation Patterns:

Many of the streets shown on various subdivision plats are "paper" streets which have never been constructed. As a result, access and ability to circulate is limited within the area. The small number of access points also make it difficult to get to and from other areas within Des Moines.

Sidewalks

There is less than 500 lineal feet of sidewalk in this area.

Unsafe, Unsanitary Conditions -Environmental Concerns

Air Quality:

The existing food processors within the Subarea B previously generated citizen and neighborhood complaints which are received by the City's odor control system. If more than 10 complaints are received in a six hour period, an odor alert is issued. The City's environmental staff responds to determine the odor source and work with the responsible party to mitigate the odor as quickly as possible. The frequency of complaints and alerts has been reduced over time since this system was created. The history of these continued air quality violations and the fact that many of these conditions still exist demonstrates a threat to the public health, safety, and welfare and deters new development from locating in this area.

Ground and Sub-Surface Conditions:

Some locations within this area are subject to surface flooding due to low surface ground elevations and the large amounts of water arriving through natural bodies of water as well as inadequate storm water collections systems from developments in higher elevation areas. Primary water bodies associated with this surface flooding are the Dean's Lake Chain.

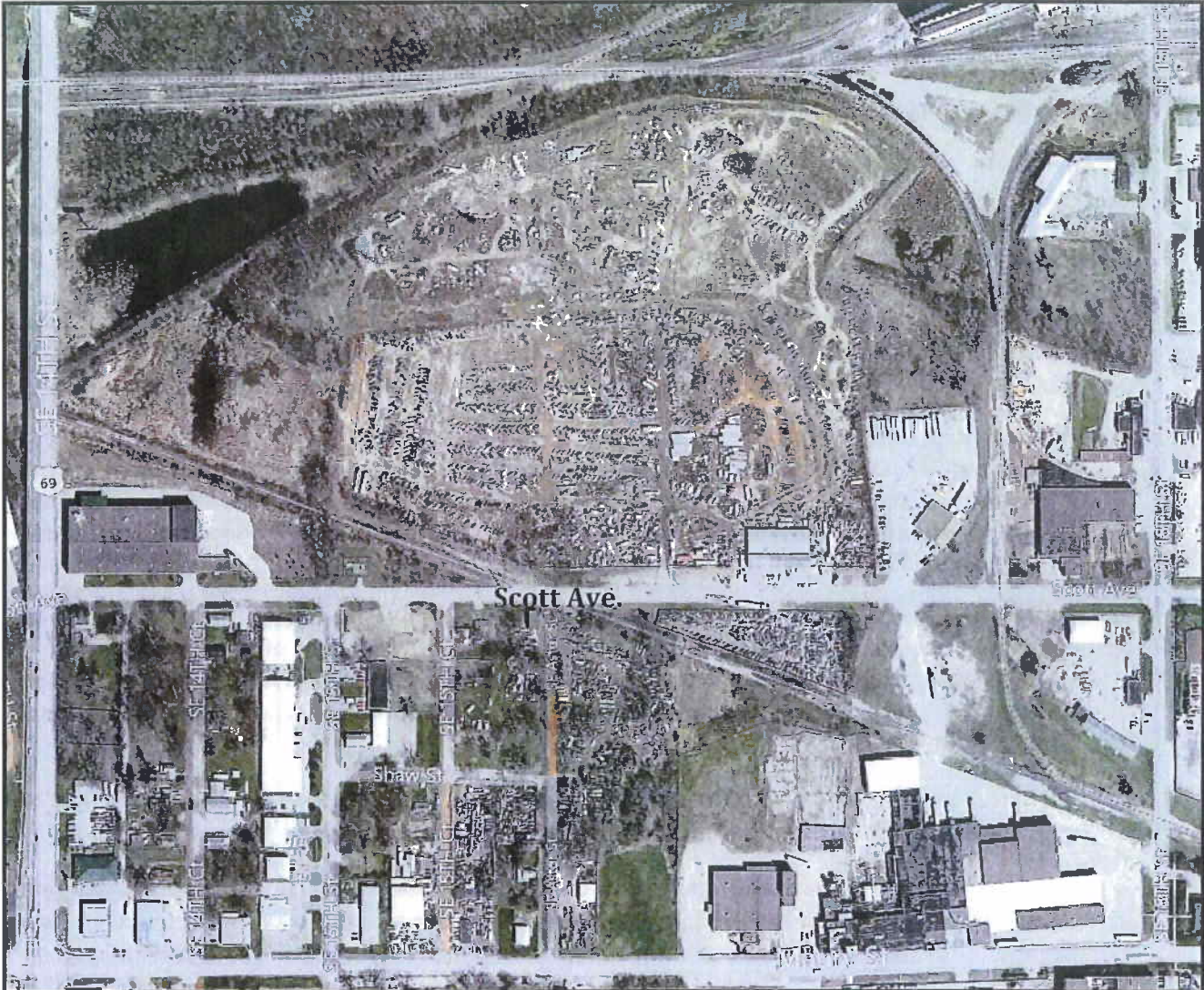
Another environmental concern is the presence of LUST (Leaking Underground Storage Tank) sites within the proposed addition to urban renewal area. The Iowa Department of Natural Resources maintains a registration system of these sites. While there are no registered LUST locations in this area, it is very likely there are sites containing leaking petroleum tanks which are not registered or identified in the area.

The area primarily contains industrial uses which for the most part are low value salvage yard operations as well as considerable tracts of vacant property owned by railroad companies.

In addition, the salvage operations have attracted dumping of autos near the businesses on public right-of-way; it is unclear how much of the problem of vehicles on right-of-way is due to the salvage yard operations or from people abandoning vehicles. In either case the result is unsightliness and potential environmental problems. Unscreened, unsightly salvage operations also encourages trash dumping in the area.

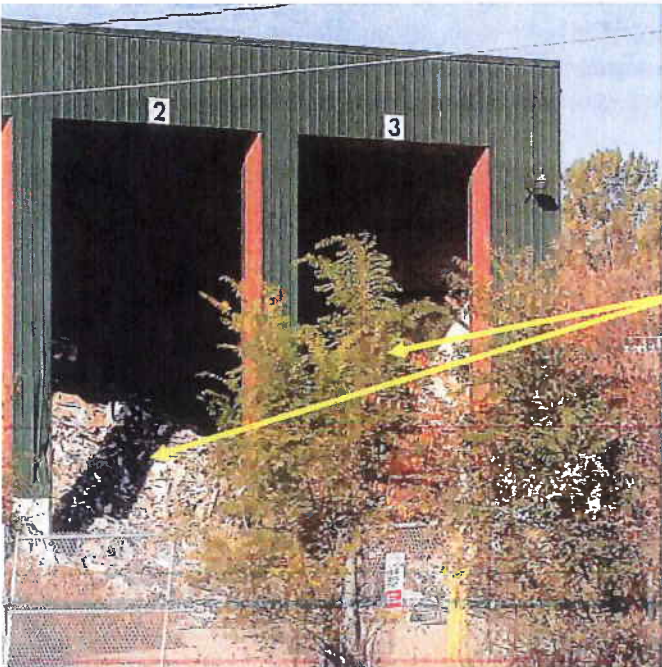
The salvage yard operations within this area are believed to have surface and subsurface contamination from lead, petroleum and other chemicals associated with these businesses as vehicle bodies are disassembled. The presence of this potentially large-scale contamination discourages redevelopment.

The following aerial picture taken in 2010 shows the overall extent of salvage operations in Subarea B. There is one very large operation north of Scott Avenue (Carroll Auto Wrecking and Salvage), and several smaller operations south of Scott Avenue.



Aerial Photo of SE 14th St to SE 18th St., north of Scott Avenue to East Market Street

Source:: Bing [<http://www.bing.com/maps/explore>]



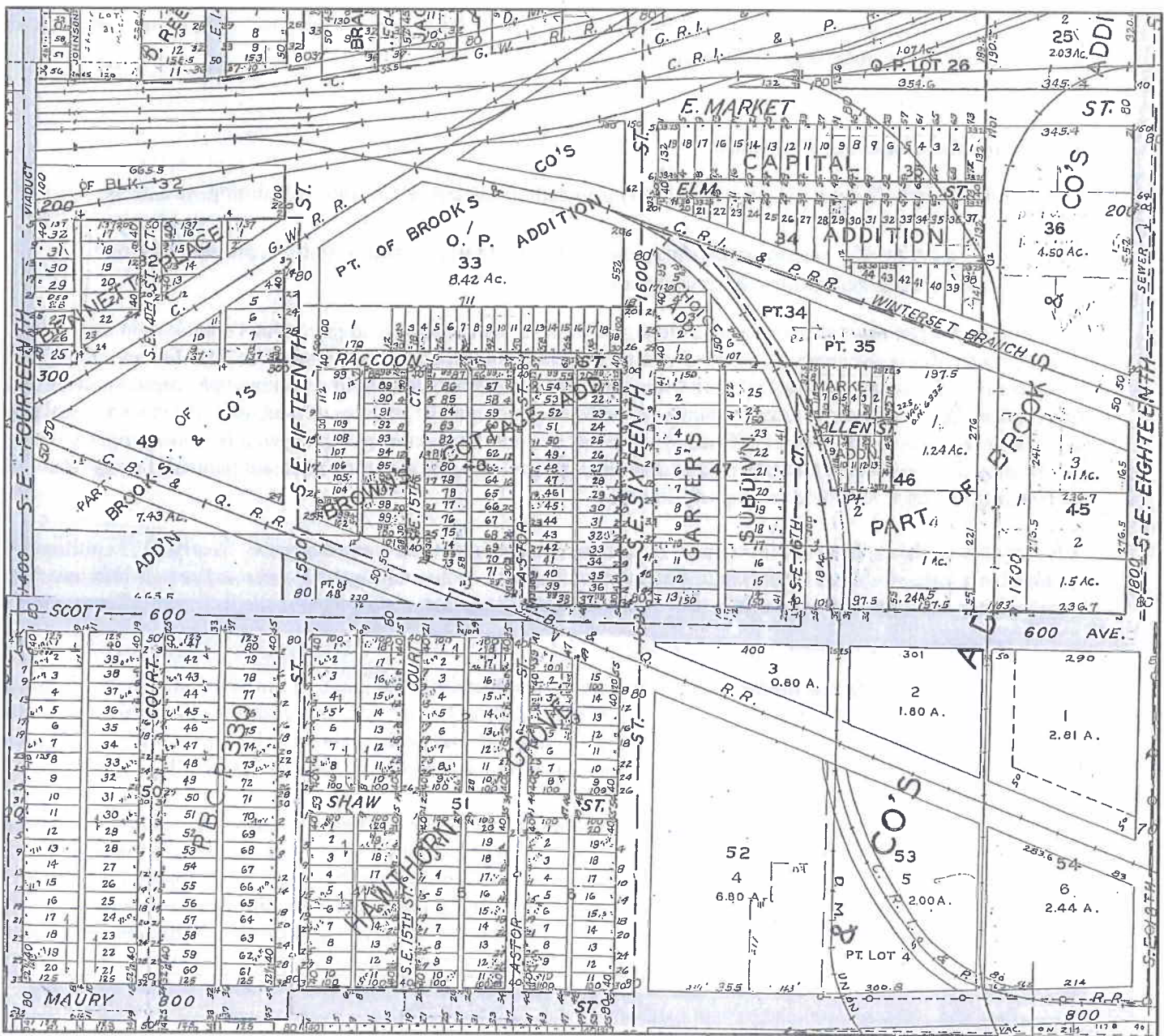
One property – a 50,000+ sq. ft. warehouse located at 1422 Scott Street –currently contains a substantial amount of asbestos-containing construction materials that were accumulated in 2007/2008 by a now-defunct construction debris recycling facility. This picture shows the open dock doors and materials spilling out of its multiple dock doors.

This property has been in litigation for the past 4 years over its ownership and the responsibility party(ies) for remediation of the hazardous materials, which is estimated in excess of \$100,000 by the Iowa Department of Natural Resources. This property is a major health and safety hazard.

Platting and Ownership Issues

As can be seen in the plat map of Subarea B below, there are numerous plats in the area dating from the 1920s with boundaries based on physical features such as trees or railroad trackage that no longer exist. In addition, many of the lots (with 25 or 30 foot widths) created by these older subdivisions are not developable today under current zoning standards.

Railroad track is located throughout the area often bisecting potentially developable properties and isolating parcels from access to public streets. With the abandonment of various trackages, the opportunity exists to create new commercial and industrial subdivisions which will meet current standards.



Plat maps of Subarea B

Some of the lack of area development is also due to land that is not appropriate for development due to factors such as low ground elevation, etc.

There are incompatibilities between existing land uses in Subarea B. Historically, the most serious conflicts have been between heavy industrial development, such as meat packing and related industrial plants, many of which were built in the early 1900s, with the adjacent residential development which was located close to these industrial areas for the workers in those industries. The City undertook a major residential relocation project in Subarea B to allow residents to relocate voluntarily from various industrial areas. These federally-funded programs were offered in the SE 14th Ct.-Astor St. area in the late 1970s and early 1980s; most residents accepted the offers and moved away from this area. The current zoning does not include any residential use; Map 3 provides the zoning for the area.

Economic Development Potential

Chapter 403.17(9) defines 'an economic development area' for urban renewal plan purposes as. . . . :

. . . an area of a municipality designated by the local governing body as appropriate for commercial and industrial enterprises.....

The proposed urban renewal area has excellent potential for land intensive, higher valued commercial and industrial development. There are nearly 45 acres of available vacant land (this number does not include the land the City will be using for the SE Connector Roadway and Municipal Service Center) that could accommodate commercial and industrial uses, subject to infrastructure improvements, as well as approximately 30 acres of land used for extensive salvage operations that may be used more efficiently. Vacant land and land extensive uses generate lower property values. In addition, widespread blight has often precluded reinvestment in existing commercial and industrial properties which further contributes to a decline in property values.

The City has made a substantial investment in general area infrastructure improvements. Nearly \$175 million has been invested in a state-of-the-art Wastewater Reclamation Facility. Industrial capacity water and sewer lines have been installed that make this the only area in metropolitan Des Moines that can accommodate the needs of large volume water and sewer users.

The City has received design approval and is working to complete the first phase of the SE Connector Roadway, a 4 lane roadway that will extend from MLK Parkway at SE 14th Street to SE 30th St. This roadway will eventually connect to the Highway 65/69 Bypass which provides a 'ring road' on the east and south sections of the metro area. Map 5 shows the location of the SE Connector Roadway with the first phase of construction to occur in Subarea B.

A major new municipal project known as the Municipal Service Center has been proposed for location in Subarea B. The initial phase of the project will be for the acquisition of about 15 acres of property for the construction of a facility that will provide a single location to consolidate Public Works, Engineering, and Park and Recreation Departments operations. This will replace multiple, and sometimes duplicative equipment and facilities; in the long run, it will allow the City to deliver services more effectively and efficiently with overall lower operational and maintenance costs. In addition, the location of this facility will improve the area in appearance, add a significant number of year-round employees to the area's employment which tends to be variable due to the commodity-based nature of existing businesses and serve as a redevelopment catalyst.

In May 1997, the Enterprise Zone Act (EZ) was signed into law to promote economic development in economically distressed areas throughout Iowa. This legislation prompted the City to designate an AgriBusiness Enterprise Zone and

apply to the State for certification in July 1997. The AgriBusiness Enterprise Zone encompasses all of the Southeast AgriBusiness urban renewal area and additional land from Scott to Dean Avenues and SE 30th to SE 43rd Streets. Map 6 shows the location this enterprise zone.

The State certified the AgriBusiness Enterprise Zone in August 1997 and received recertification of the area which extends the incentives available to 2017. Businesses may obtain a special package of state tax incentives by locating or expanding in the zone. Incentives include job training, investment, and research and development tax credits as well as refund of sales, service and use taxes paid on materials used, including utilities, in construction contracts. Tax abatement may be offered by local government.

Revitalization of this area for commercial and industrial development is timely due to the amount of available vacant land, new utility and highway infrastructure, highly-valued State tax incentives and an organized grassroots effort from existing agribusinesses to expand value-added agricultural enterprises. The urban renewal designation will allow the City to conduct additional activities that will enhance long-term development opportunities.

Summary

The proposed subarea proposed for addition to the SE AgriBusiness Urban Renewal Area contains many conditions, previously described in this report, which have a negative impact on the area and have deterred development.

The combination of existing conditions -- older industrial development, large amounts of vacant and under-utilized land not platted to current subdivision requirements as well as being landlocked from public right-of-ways, actual and potential environmental contamination -- constitute major deterrents to the continued growth of Des Moines.

These existing conditions provide significant reasons for me to recommend the proposed area to be added to the existing urban renewal area to be "blighted" as defined by the urban renewal statute. . I also recommend the area be designated as an "economic development" area that is appropriate for the development of commercial and industrial enterprises

I recommend the City Council adopt a resolution of necessity which makes the determination that the proposed new area to be added to the existing SE Agribusiness Urban Renewal Area be determined to be a "blighted area". I also recommend the entire new area also be designated as an economic development area that is appropriate for the development of commercial and industrial enterprises.

Respectfully Submitted,

Michael Ludwig, AICP
Planning Administrator

Attachments:

- Exhibit A – Pictures of Area
- Map 1 – Building Conditions 2011
- Map 2 –Map Showing Vacant Land and Building Conditions
- Map 3 - Existing Zoning
- Map 5 – Location of SE Connector Roadway
- Map 6 – SE Agribusiness Enterprise Zone for State of Iowa