



Roll Call Number

15-0629

Agenda Item Number

48

Date April 6, 2015

RESOLUTION APPROVING *URBAN RENEWAL AGREEMENT FOR SALE OF LAND FOR PRIVATE REDEVELOPMENT* WITH 420 COURT AVENUE, LLC, FOR THE SALE AND REDEVELOPMENT OF DISPOSITION PARCEL 99C AT 420 COURT AVENUE IN THE METRO CENTER URBAN RENEWAL AREA

WHEREAS, on December 23, 2013, by Roll Call No. 13-1971, the City Council authorized the City Manager to seek proposals for the purchase and redevelopment of the City-owned parcels in the vicinity of 420 Court Avenue designated as Disposition Parcel 99C, with a mixed use project; and,

WHEREAS, on February 24, 2014, by Roll Call No. 14-0329, the City Council received development concepts from five developer teams, and selected the joint venture by Knapp Properties, Inc., and Hy-Vee, Inc., as the preferred developer, with a proposal to redevelop the City-owned parcels for housing and a full service grocery store with restaurants and parking; and,

WHEREAS, by said Roll Call No. 14-0329, the City Council directed the City Manager or his designee to negotiate with Knapp Properties and Hy-Vee to refine and finalize their project design and financing, to present the project to applicable boards and commissions, and to prepare a formal development agreement for the purchase and redevelopment of the City-owned parcels for presentation to the City Council at a future meeting; and,

WHEREAS, 420 Court Avenue, LLC (hereinafter the "Developer") was created by Knapp Properties and Hy-Vee to serve as the development entity for the redevelopment of the City-owned parcels; and,

WHEREAS, the City Manager has negotiated final terms of agreement with the Developer whereby the Developer would undertake to purchase the City-owned parcels more specifically described below (the "Property") for a purchase price of \$270,000 and to redevelop the Property with the following Improvements in conformance with a Conceptual Development Plan which is subject to future approval by the City Council:

- A 108,00 square foot mixed use building with approximately 35,000 on the ground level devoted to a full service Hy-Vee grocery store with a restaurant, and approximately 81 market-rate apartments in the upper three floors;
- A one-story parking deck with at approximately 100 parking spaces on the upper level;
- A surface parking with approximately 100 parking spaces; and,
- Landscape and streetscape improvements,



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and the City would undertake to provide an Economic Development Grant payable in 15 annual installments, all as more specifically described in the *Urban Renewal Agreement for Sale of Land for Private Redevelopment* (the "Agreement") which is on file and available for public inspection in the office of the City Clerk; and,

WHEREAS, the Property referenced in this resolution is more specifically described as follows:

All of Block 20, Fort Des Moines, an Official Plat - except Lots 6 and 7 in said Block 20 and except all that part of the vacated North/South alley right of way in said Block 20 lying between said Lots 6 and 7, all now included in and forming a part of the City of Des Moines, Polk County, Iowa, and containing approximately 2.37 acres (103,085 square feet).

WHEREAS, on February 23, 2015, by Roll Call No. 15-0289, the City Council accepted the Agreement and authorized publication of notice of intent to enter into the Agreement at a public hearing on April 6, 2015, if no competing proposals were received by the City by April 2, 2015 ; and

WHEREAS, notice of the public hearing was published in the Des Moines Register on February 26, 2015; and

WHEREAS, the City received no competing proposals for the purchase and redevelopment of the Property.

NOW THEREFORE, BE IT RESOLVED, by the City Council of the City of Des Moines, as follows:

1. Upon due consideration of the facts and statements of interested persons, the objections to the sale and conveyance of the Property to the Developer as set forth in the Agreement are hereby overruled and the hearing is hereby closed.
2. The City Council hereby makes the following findings regarding the proposed sale and conveyance of the Property pursuant to the Agreement:
 - a) The Developer's obligations under the Agreement to construct the Improvements furthers the objectives of the Urban Renewal Plan to preserve and create an environment which will protect the health, safety and general welfare of City residents and maintain taxable values within the Metro Center Urban Renewal Project Area, to increase employment opportunities, to encourage the development of market-rate housing in decent, safe and sanitary conditions in attractive settings to serve employees and other people who would



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- like to live in the downtown area, and to encourage intensive and coordinated commercial and residential mixed-use development.
- b) The Developer's obligations under the Agreement to construct the Improvements will generate the following public gains and benefits: (i) it will advance the improvement and redevelopment of the area south of Court Avenue in accordance with the Urban Renewal Plan and the Court Avenue Master Plan; (ii) it will provide a range of affordable and market-rate housing in decent, safe and sanitary conditions in attractive settings to serve employees and other people who would like to live in the downtown area; (iii) it will encourage further private investment and will attract and retain residents and businesses in the Court Avenue area of the Metro Center Urban Renewal Area to reverse the pattern of disinvestment; and, (iv) it will further the City's efforts to create and retain job opportunities within the Metro Center Urban Renewal Area which might otherwise be lost.
 - c) The construction of the Improvements is a speculative venture and the construction and resulting housing and redevelopment opportunities would not occur without the economic incentives provided by the Agreement
 - d) The fair market value of the Property subject to the terms, conditions, restrictions, requirements, limitations and covenants placed on the Property and Developer pursuant to the terms of the Agreement is \$270,000.00.
 - e) The redevelopment of the Property pursuant to the Agreement, and the fulfillment generally of the Agreement, are in the vital and best interests of City and the health, safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of the applicable state and local laws and requirements under which the project has been undertaken, and warrant the provision of the economic assistance set forth in the Agreement.
3. The *Urban Renewal Agreement for Sale of Land for Private Redevelopment* between the City and 420 Court Avenue, LLC, is hereby approved.
 4. The Mayor is hereby authorized and directed to execute the Agreement on behalf of the City and the City Clerk is hereby authorized and directed to attest to the Mayor's signature on the Agreement.
 5. Upon request by the City Legal Department, the Mayor is hereby further authorized and directed to execute the Special Warranty Deed on behalf of the City for conveyance of the Property to the Developer, and the City Clerk is hereby authorized and directed to attest to the Mayor's signature on the Deed. The City Clerk is further directed to forward the signed Deed to the Legal Department for release to the Developer at Closing as provided in the Agreement.

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- 6. Upon requisition by the City Manager or the City Manager's designee, the Finance Department shall advance the installments on the Deferred Economic Development Grant pursuant to Article 4 of the Agreement.
- 7. The City Manager or his designees are hereby authorized and directed to administer the Agreement on behalf of the City and to monitor compliance by the Developer with the terms and conditions of the Agreement. The City Manager is further directed to forward to City Council all matters and documents that require City Council review and approval in accordance with the Agreement.

(Council Communication No. 15- 178)

MOVED by Gatto to adopt.

FORM APPROVED:

Roger K. Brown

Roger K. Brown, Assistant City Attorney

U:\Rog Docs\Eco Dev\420 Court\RC Select Developer & Approve Agr.doc

| COUNCIL ACTION | YEAS | NAYS | PASS | ABSENT |
|----------------|----------|------|------|--------|
| COWNIE | | | | ✓ |
| COLEMAN | ✓ | | | |
| GATTO | ✓ | | | |
| GRAY | ✓ | | | |
| HENSLEY | ✓ | | | |
| MAHAFFEY | ✓ | | | |
| MOORE | ✓ | | | |
| TOTAL | 6 | | | 1 |
| MOTION CARRIED | APPROVED | | | |

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.

Chilton L. Hensley Mayor

Diane Rauh City Clerk