



Agenda Item:

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## COUNCIL COMMUNICATION City Manager's Office

### GENERAL INFORMATION

Agenda Date: 1/10/05 Communication  
No.: 05-002  
Agenda Item Type: Resolution Roll Call  
No.:  
Submitted by: Richard Clark, Deputy City Manager

### SUBJECT—

Resolution to amend development agreement between 10<sup>th</sup> Street Lofts, LP and the Massman Group (Ed Massman, 6920 Lakeshore Drive, Dallas, Texas) and the City of Des Moines.

### SYNOPSIS—

The City will sell excess Right-of-Way (ROW), vacated alleys and remnant ROW, for \$750 to the Developer and increase the economic development grant by \$10,000 (from \$64,000 to \$74,000). In exchange, the Developer will release the City of its contractual obligation to improve the surface parking lot at 13<sup>th</sup> and Cherry for tenant parking, a savings to the City of approximately \$10,000.

### FISCAL IMPACT—

The \$74,000 grant will be funded with tax increment funds contained in the development opportunities account. (\$64,000 was funded under the 1<sup>st</sup> Amendment and the additional \$10,000 will be approved under this 2<sup>nd</sup> Amendment.)

### RECOMMENDATION—

Approval

### BACKGROUND—

10<sup>th</sup> Street Lofts, LP is completing the conversion of 110 and 122 – 10<sup>th</sup> Streets into 94 residential units. These units will be leased at market rate. To facilitate the redevelopment, the City agreed to vacate and sell the alley between the two buildings to the developer, to make basic

improvements to the sidewalks in front of the buildings and to the alley in back of the buildings and to provide surface parking to the tenants of the buildings at the City-owned lot in the vicinity of 12<sup>th</sup> and Cherry for a period of five years.

The First Amendment to the Development Agreement amended the City's participation in the project to consist of an economic development grant in the amount of \$64,000 in lieu of the City making surface improvements. The economic development grant will be released upon issuance of the certificate of occupancy for the buildings.

The Second Amendment further modifies the Development Agreement. Following is a summary of the changes:

**City Responsibilities:**

1. The City will vacate and sell ROW south of Cherry to the developer for \$750.
2. The City will increase the economic development grant to the developer in the amount of \$10,000 to a total of \$74,000.

**Developer Responsibilities:**

1. The Developer will utilize the ROW in combination with parcels owned by the Developer for parking for the apartment tenants.
2. The Developer will release the City of its obligation to make improvements at the 13<sup>th</sup> and Cherry lot for tenant parking.
3. If the Developer chooses to sell the ROW within the next 5 years, the City will have the right of first refusal.
4. The Developer agrees to use the property only as off-site parking. If the Developer uses the property for any other use, the Developer will provide additional compensation in the amount of \$6 per square foot (\$37,500), which represents the difference between the Purchase Price and the fair market value of the property.

This project also qualifies for 10-year 100% tax abatement on the value of the improvements. (already available)