



Agenda Item:

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## COUNCIL COMMUNICATION City Manager's Office

### GENERAL INFORMATION

Agenda Date: 06/06/05

Communication

No.: 05-316

Agenda Item Type: Resolution

Roll Call No.: 05-

Submitted by: Richard Clark, Deputy City Manager

### SUBJECT—

Authorization to Proceed with negotiation of Preliminary Terms of Agreement for a Redevelopment Proposal with SOHO Development, LLC (Tony DeAngelo, Chief Executive Officer, 13011 Woodlands Parkway, Clive, Iowa) and Approval of First Amendment to Agreement for Exercise of Put Agreement with Central Iowa Acquisitions, L.L.C.

### SYNOPSIS—

Authorizes the City Manager to negotiate the preliminary terms of agreement with SOHO Development, LLC for the redevelopment of property located at the northwest corner of East 4<sup>th</sup> Street and East Locust Street.

Council is also asked to approve the First Amendment to Agreement for Exercise of Put Agreement with Central Iowa Acquisitions, L.L.C.

### FISCAL IMPACT—

The financial impact is unknown at this time.

### RECOMMENDATION—

Approval

## **BACKGROUND—**

The preliminary terms of agreement with SOHO Development, LLC will outline the parameters of a redevelopment project located at the northwest corner of East 4th and East Locust Streets. If the Council approves the preliminary terms of agreement, staff intends to work with the developer to prepare a developer-initiated proposal.

In a separate roll call, Council is asked to approve the First Amendment to the Agreement for Exercise of the Put Agreement with Central Iowa Acquisitions, L.L.C. (formerly known as Iowa Acquisitions, L.L.C.). This amendment revises the purchase price to reflect carrying-costs to date and establishes the method to be used for calculating the carrying costs upon sale of the property to the City or to SOHO Development, LLC.

On May 4, 1998, by Roll Call No. 98-1468, the Capitol Gateway East Urban Design Plan was approved by City Council. The Plan identified four catalytic initiatives for revitalization of the Eastern Gateway, one being the redevelopment of the commercial node at the intersection of East Locust and East 5<sup>th</sup> Streets. On July 8, 2002, by Roll Call No. 02-1762, the Council approved the amended East Village Study Block Development Plan and Guidelines. The design plan encourages rehabilitation and compatible redevelopment of the blocks bounding the East 5th and East Locust intersection.

SOHO Development, LLC is proposing a mixed-use development at the northwest corner of East 4<sup>th</sup> and East Locust Streets. The project would be located directly south of the East Village Square apartment project and west across 4<sup>th</sup> Street from Soho Lofts. The property is currently owned by Central Iowa Acquisitions, LLC (an affiliate of Knapp Properties), which purchased the property to facilitate the East Village Square project.

As currently configured, the approximately \$7 to \$9 million project would contain retail/commercial space on the ground floor and residential condominiums on the second and third floors, with the possibility of building fourth and fifth floor condominiums as well. The cost of including underground parking is being estimated. Preliminary designs and estimates project that underground parking may not be feasible and aboveground alternatives are currently being explored. On-street parking and off-site surface parking would meet the project's commercial parking requirements. The project would contain 35 to 50 residential units and a minimum of 4,000 square feet of retail/commercial space on the ground floor. The residential units would average about 1,000 square feet.

The anticipated project sequence is as follows:

- Council approves the amendment to the Put Agreement with Central Iowa Acquisitions, LLC (affiliate of Knapp Properties).
- City Manager negotiates preliminary terms of agreement for the project.
- Preliminary terms of agreement are presented to neighborhood stakeholders for review and comment.
- Council approves preliminary terms of agreement and directs the City Manager to prepare contract documents.
- Urban Design Review Board reviews use of tax increment financing for project and the conceptual development plan. The Board forwards recommendation to Council.
- Council approves Development Agreement.
- Developer purchases condo pad.

- Developer starts construction by May 1, 2006.