

★ **Roll Call Number**

Agenda Item Number

61 A

Date July 14, 2008

COMMUNICATION from the City Plan and Zoning Commission reporting that at their meeting on June 19, 2008, the member voted 11-3 in support of a motion to recommend that the proposed Merle Hay Commercial Area Urban Renewal Plan is in conformance with the Des Moines 2020 Community Character Plan.

MOVED by _____ to receive and file.

FORM APPROVED:

Roger K Brown
 Roger K. Brown
 Assistant City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
HENSLEY				
KIERNAN				
MAHAFFEY				
MEYER				
VCLASSIS				
TOTAL				

MOTION CARRIED APPROVED

.....
 Mayor

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.

 City Clerk

Date _____

Agenda Item 61A

Roll Call # _____

July 9, 2008

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 June 19, 2008, the following action was taken:

COMMISSION RECOMMENDATION:

After public hearing, the members voted 11-3 as follows:

Commission Action:	Yes	Nays	Pass	Absent
Leisha Barcus	X			
JoAnne Corigliano	X			
David Cupp	X			
Shirley Daniels	X			
Dann Flaherty		X		
Bruce Heilman	X			
Jeffrey Johannsen	X			
Greg Jones	X			
Frances Koontz		X		
Kaye Lozier	X			
Brian Millard	X			
Mike Simonson	X			
Kent Sovern	X			
Tim Urban		X		
Marc Wallace	X			

APPROVAL for City Council initiated request for determination as to whether the proposed Merle Hay Urban Renewal Plan is in conformance with the Des Moines' 2020 Community Character Plan.

STAFF RECOMMENDATION AND BASIS FOR APPROVAL

Staff recommends the Commission find the Merle Hay Urban Renewal Plan in conformance with the Des Moines' 2020 Community Character Plan.

STAFF REPORT

I. GENERAL INFORMATION

The proposed area for the urban renewal plan and tax increment finance district is identified on a map within the attached document. The proposed boundary generally includes properties fronting Merle Hay Road between Aurora and Ovid Avenues and properties fronting Douglas Avenue between 54th Street and the west City limits. It generally follows the "C-1", "C-2", and "C-4" commercial zoning boundaries in the area. In addition, the boundary contains 0.5-acre of "R-3" zoned land and 5.5 acres of "R1-60" zoned land used in conjunction with existing



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

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commercially zoned property and commercial uses. No rezonings are proposed as part of the urban renewal plan.

The urban renewal designation is based upon meeting the 'economic development' criteria of the state statute. Its location in the middle of the metro area, as well as close proximity to east-west arterials of Douglas Avenue and I-80/35, will aid in attracting and retaining commercial redevelopment. The creation of this urban renewal area will allow use of tax increment for financial assistance to economic development projects and other projects such as infrastructure improvements. The revitalization of this neighborhood commercial corridor will result in new commercial opportunities, new employment, increased tax base and improved livability to residents of Merle Hay and other surrounding neighborhoods.

From the economic viewpoint of maintaining and expanding the commercial tax base, the convenient provision of desired goods and services is necessary in order to maintain the desirability of the adjacent residential areas. The redevelopment of underutilized parcels and improvements to the physical environment will ensure this corridor remains desirable for commercial and residential investment in the years to come.

The residential areas near Merle Hay Mall will also benefit from a renovation of the mall and the surrounding commercial area by having goods and services nearby. Proximity to a modern shopping venue will improve the market perception of these neighborhoods and help home values. Revitalization of the entire commercial corridor will benefit the businesses as well as the commercial tax base. The ability to retain and revitalize this regional shopping venue will improve the shopping choices for people living in Des Moines as well attracting customers from other locations.

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.
- Enhance and preserve Des Moines' urban character.
- Create a livable community for several generations.

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

- Establish marketing strategies for the various commercial categories to attract investors, businesses and customers to the area and to maintain healthy commercial areas.
- Enhance the pedestrian character of all retail and shopping areas whether it is a regional shopping center or a small neighborhood store.

Staff believes the Urban Renewal Plan is in conformance with the goals of the Des Moines' 2020 Community Character Plan.

6/A

SUMMARY OF DISCUSSION

Brian Millard: Asked to pull this item off the Consent Agenda for discussion.

Erik Lundy: Noted the presentation had been made in the early session. He reserved the right for rebuttal for Andrea Hauer of the Economic Development department.

CHAIRPERSON OPENED THE PUBLIC HEARING

Bill Lillis: 317 6th Ave., Ste 600, Des Moines, Iowa: Noted Merle Hay Mall is the major property owner in the MHM TIF district and reiterated the boundaries. Explained Urbandale is in the process of designating the balance of the mall as a TIF district for the Kohl's store, which is planning to redevelop. Sears is owned by Sears and the incentive for them is a major rehab of the façade of the east side of the mall beginning with Target and Old Chicago and some other tenants that will be moving to other areas of the mall. There will be substantial lighting done on the east side of the mall. Merle Hay wants to offer an incentive to Sears to encourage them to make improvements. This is a risky project for Merle Hay Mall because in order to do the development agreement, the improvements that will be made will be in excess of \$10,000,000. The request was City Council initiated approximately 2 years ago. The neighborhood has been very supportive of the TIF District, recognizing there will initially not be much money to do the landscaping or streetscape. There is a streetscaping plan but the improvements have to be completed by the end of the year 2009. City Council was going to take action on the 23rd of June, but with the flood issues it has been continued to the July 14, 2008 meeting.

Jeffrey Johannsen: Expressed concern for the approach to encouraging Sears to redevelop.

Bill Lillis: Noted Sears is independent and they are in flux with their rebranding, but this store has been relatively successful. There is no way to force Sears to redevelop. The properties that are owned by Merle Hay Mall are the only ones that can be directed for redevelopment.

Tim Urban: Asked about the TIF revenue being used to advertise bonds.

Bill Lillis: Explained it is a tax reimbursement with a minimum assessment.

Tim Urban: Expressed concern with how different commercial tenants will be benefited or hurt as a result of the increased taxes they will have to pay. Noted increased property taxes cause many businesses to vacate the city.

Bill Lillis: Noted this MHM has made case with the assessor after three or four different appeals have gone to the Supreme Court. The new leases are favorable to lure the tenants. For Merle Hay Mall to survive, they need this incentive. He urged the Commission to approve it and reiterated it is a risk for Merle Hay Mall. Noted the new mall would have a new entrance with new traffic signals.

JoAnne Corigliano: Suggested such upgrades are likely necessary and noted they are discretionary dollars; consumers will go wherever it looks nice.

There was no one else in the audience to speak on this item.

CHAIRPERSON CLOSED THE PUBLIC HEARING

Bruce Heilman: Moved staff recommendation.

Dann Flaherty: Asked if 20 years is the sunset on the TIF.

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Andrea Hauer: Explained the 15 year commitment is the term of the specific agreement between MHM and the City. There is not a renewability on the TIF.

Tim Urban: Asked if all revenues generated by the increased tax go back to the developer under the agreement negotiated with the development.

Andrea Hauer: Noted the term of the agreement is 15 years and the required increase in assessed value is at least \$10,000,000 over the existing assessment. The general policy as a City for the economic development areas has been to tie it to a specific property and its property tax revenue.

Tim Urban: Explained there are competing interests for the money; suggested in terms of the strategic interest of the City, the project is great, but he was concerned about there being too many.

Bruce Heilman: He spoke in favor of the request. Noted one of the best things the City ever did was changing the formula for neighborhood designations. This allows the good neighborhoods to stay good, which is easier than bringing a heavily blighted neighborhood and bringing it up to a good stable neighborhood. There has to be taxes coming in to have a TIF district.

Brian Millard: Asked about the school district portion of the TIF increment.

Andrea Hauer: Explained the State of Iowa backfills the school's portion of property taxes in tax increment areas that utilize revenue. In the case of Des Moines the reimbursement figure is in the high 90's. In essence the state is helping make up the shortfall of the revenue. Noted the City of Des Moines has a policy that refunds the unused TIF back to the County, School District, DMACC and the City of Des Moines. Last year it amount to about 40% of the TIF revenues.

Brian Millard: Asked about appearances of the area, noting the standpipes are unsightly and asked about coercing adjoining property owners to fix up their properties and asked if the City has any plans to deal with the water tower.

Kent Sovern: Noted TIF is the only tool the local government has for revitalization. Noted he would support the motion, but expressed concern with the lack of limits on how many TIF districts there could be in the city.

Motion to approve the staff recommendation passed 11-3 (Tim Urban, Fran Koontz and Dann Flaherty were in opposition).

Respectfully submitted,


Erik Lundy
Senior City Planner

EL:clw

Attachment