

Contact: John Nash

UNIVERSITY OF IOWA FINKBINE DEVELOPMENT, PHASE 1

Action Requested: Recommend the Board consider and approve a proposed:

1. 30-year ground lease that would allow a private developer, Melrose Partners, LP, to develop 6.12 acres of land southeast of Finkbine Golf Course. The University would receive \$130,000 per year in ground lease rent, escalated 10% every five years for the duration of the lease.
 2. Development agreement between the Board of Regents and Melrose Partners, LP that would allow Melrose Partners, LP to build, own and manage a new 110-unit, four-story residential active adult (55+) rental complex (see below) with one level of underground parking on the 6.12 acres.
 3. Conveyance of 1.25 acres of undeveloped land from the University to the City of University Heights. This would be done in consideration of the City of University Heights voluntarily transferring 3.61 acres of land to the City of Iowa City to allow this development to take place, all within the City of Iowa City.
- *Iowa Code §262.11* and the Board's *Policy Manual §2.3*, section 2, part B require Board approval of all acts relating to the management, purchase, disposition or use of land and property.



University of Iowa Finkbine Development, Phase 1,
Looking north from the Melrose Avenue entrance

Background: In early 2018, the University of Iowa identified several vacant sites around its west campus athletic facilities as good locations for private third-party development. The open land does not fit within the University's long-term campus master plan and the University concluded that allowing these properties to be developed by third parties for a non-University use is in the long-term interest of the University.

In spring 2018, the University issued a Request for Qualifications and Proposals from interested private third-party developers with the intent of selecting one overall team for the several identified development locations on the University's west campus. Based on many responses received and in-person interviews in February 2019, the University selected Focus Development of the Quad Cities out of two finalists as the preferred developer.

Over the past two years, the University and Focus Development have analyzed and refined proposals for several housing, commercial, entertainment, and food/beverage venues at the various sites. Each location is unique and each would be developed in different phases over the next few years. The University is now bringing UI Finkbine Development, Phase 1 to the Board of Regents for consideration and approval.



Main Entrance, looking east

Phase 1 is located at the site of the former University Athletic Club, which was razed in 2019. The site is adjacent to the University's Finkbine Golf Course and the new Nagle Family Clubhouse, opened in April 2020. This highly visible site is off Melrose Avenue and serves as an important gateway to the University campus, especially to UIHC and Kinnick Stadium. The University has been actively involved with the developers regarding the site layout plan, its connection to Finkbine Golf Course and the Nagle Family Clubhouse, the new building's architecture, and the landscaping.

The development agreement would be between the Board of Regents and Melrose Partners, LP. (developers), a joint venture between Focus Development and Newbury Living, for a new 110-unit, four-story residential active adult (55+) rental complex with one level of underground parking.

Newbury Living is a Des Moines-based firm, that specializes in the ownership and management of active adult and other multi-tenant residential complexes. Developers would construct, own and manage the facility, while the University retains ownership of the land. The project is enabled by a 30-year ground lease from the University of Iowa to the developers.

Developers would obtain private third-party financing for the project. The University has no financial interest in the project, and is not providing any equity or capital for the project. As consideration for the ground lease, the University would receive \$130,000 per year in ground lease rent, that would be escalated 10% every five years for the duration of the 30-year ground lease. At the end of the lease, the developers would have the option to extend it; however, if developers elect not to renew the lease, the building reverts to University ownership.



East side, looking west

One unique aspect to this project is that the University land being redeveloped crosses two municipal boundary jurisdictions, Iowa City and University Heights. The building site crosses from Iowa City into University Heights and back again into Iowa City. This became problematic for the developers to have the building (and resident's units) in two distinct municipalities. This affects multiple issues including fire/life safety response, building and zoning approvals, tax districts, election districts, and utilities. The developers and the University have spent the past year working with the city staffs, planning & zoning commissions, and city councils of both Iowa City and University Heights to relocate municipal boundaries, so the project is in a single jurisdiction.

An agreement was reached that provides that project land in University Heights would be severed from University Heights and annexed into the City of Iowa City in exchange for two items: 1) the proportionate sharing of property tax revenue generated by the development via a 28E agreement between the two cities; and 2) the University would convey to University Heights an approximate 1.25 acre plat of wooded ravine land adjacent to the new development (see next page for site plan). The University has no use or need for the land; however, the parcel can serve as a gateway from Melrose Avenue to other University Heights parkland. The State of Iowa – City Development Board has approved the municipal boundary adjustments and the tax sharing agreement between the two cities. The City of Iowa City has also approved the rezoning of the overall development property.

The development would generate new property tax revenue for the cities; however, the value of the underlying land, which would remain University property, would continue to be tax exempt. Only the value of the new building would be subject to local property taxes.



University of Iowa Finkbine Development, Phase 1 aerial view,
1.5 miles west of the UI Pentacrest

North

