



Exterior Rehabilitation Grant Application for Leighton G. Knipe House (Ordinance S-44705)

Request to authorize the City Manager, or his designee, to enter into necessary agreements and conveyances related to a Historic Preservation Exterior Rehabilitation grant of up to \$207,074 for the Knipe House, located at 1025 N. 2nd St. Further request authorization for the City Controller to disburse all funds related to this item.

Summary

The L.G. Knipe House was listed on the Phoenix Historic Property Register in 2004. Built in 1909, it is the oldest remaining house in the Evans Addition (bounded by McDowell Road on the north, Roosevelt Street on the south, 7th Street on the east, and Central Avenue on the west). The Knipe House is significant for its architecture, representing a large, early example of the Craftsman style in Phoenix. The property is also significant for its association with Leighton G. Knipe, an early Phoenix architect, city planner, and structural engineer, who designed the home and occupied it from its construction in 1909 until about 1924.

In 2004, the City of Phoenix purchased the Knipe House and entered into an agreement to redevelop the adjacent property and rehabilitate the house for a retail use. However, the project did not move forward, and the development agreement was terminated. In 2010, a fire set by vandals caused severe damage to the house. Through insurance proceeds, the roof was replaced and the structure was stabilized. In 2012, a Request for Proposals (RFP) to reactivate the house and sell the land was completed; however, the selected proposer was unable to initiate the proposed project. Consequently, staff and Downtown Phoenix, Inc. sought feedback from the community over several months in 2015 and 2016 on priorities for future redevelopment of the site.

In June 2017, the Community and Economic Development Department (CEDD) issued another RFP for the disposition and redevelopment of the Knipe House and six additional vacant parcels of land north of Roosevelt Street on both sides of 2nd Street encompassing approximately 1.5 acres. The City received one responsive proposal for this RFP, from True North Holdings, LLC. True North controls property directly adjacent to the site along 1st Street and Portland Street and plans to develop its project on a

combined site including its own property as well as the City-owned site. True North has proposed a comprehensive four-structure project, including approximately 305,000 gross square feet (GSF) of commercial office space, 77,000 GSF of retail space, 32 residential rental units, and 1,200 parking spaces, with at least 250 spaces open to the public at all times. Overall, the project's anticipated value is approximately \$151 million, featuring 759,000 GSF of mixed uses. The business terms negotiated by CEDD staff and the developer and previously approved by the City Council include the sale of the site to the developer for the appraised value of \$3.56 million and long-term preservation of the Knipe House.

Financial Impact

The amount requested for the Exterior Rehabilitation grant is \$207,074, which is 50 percent of the entire amount needed for the rehabilitation. In exchange for the funds, True North has offered the City a perpetual conservation easement on the Knipe House.

Since the Demonstration Project and Warehouse and Threatened Building grant funds have all been allocated, Historic Preservation staff is recommending that Exterior Rehabilitation grant funds be used instead. Generally, Exterior Rehabilitation grant funds are approved in an annual grant round and there is a \$10,000 limit; however, given that there is over \$10,000 remaining and bond funds require timely expenditure, staff recommends making an exception. Because Exterior Rehabilitation grant funds are intended to fund improvements to historic single-family residences, their use for this project is appropriate.

Concurrence/Previous Council Action

The Historic Preservation Commission recommended approval of this item on April 16, 2018, by a vote of 8-0. The Downtown, Aviation, Economy and Innovation (DAEI) Subcommittee recommended approval of this item on May 2, 2018, by a vote of 4-0.

Location

1025 N. 2nd St.

Council District: 7

Responsible Department

This item is submitted by Deputy City Manager Mario Paniagua and the Planning and Development Department.