

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b> October 21, 2013
	<b>Agenda Item No.</b> 31 <b>Roll Call No.</b> <u>13-1647</u> <b>Communication No.</b> <u>13-526</u> <b>Submitted by:</b> Matthew A. Anderson, Assistant City Manager

**AGENDA HEADING:**

Resolution approving Preliminary Terms of an Urban Renewal Development Agreement with Fort Des Moines Restoration, L.L.C. for the Historic Redevelopment of Properties in the Southside Economic Development District Urban Renewal Area.

**SYNOPSIS:**

Fort Des Moines Restoration, L.L.C. (Justin Doyle, Partner, 1717 Ingersoll, Des Moines, Iowa 50309) has proposed a \$26 million rehabilitation of buildings in Historic Fort Des Moines into 154 market rate residential units. Future phases of the Fort Des Moines Restoration project propose the incorporation of commercial uses following additional land and building acquisition. Throughout, the developer intends to provide a model of stewardship through the use of sustainable green technologies, including geothermal heating, ventilation, and air conditioning (HVAC), several small photovoltaic shade structures, light-emitting diode (LED) lighting, and low-impact storm water management practices.

Located south of Army Post Road and east of SW 9th Street, the Fort Des Moines properties are listed on the National Register of Historic Places and have been the subject of significant work through the SuperBlock Master Plan in 2008 and the Fort Des Moines Historic Preservation Plan in 2010. The remaining buildings of this original cavalry post dedicated in 1903 underwent extensive analysis in the 2010 Plan, with the condition of many structures reported as poor to fair. It was also noted that investment will be required for existing streets and utilities in the Fort Des Moines area as a component of any preservation/restoration project.

The Office of Economic Development (OED) has negotiated preliminary terms of agreement that will provide for project generated tax increment financing to serve as the core mechanism for responding to the financing gap presented by the developers. Details are provided in the fiscal impact section below. OED staff will also work with the developer and project partners to identify an additional non-city financing source to respond to approximately \$1 million in street and utility infrastructure improvement costs identified in Fort Des Moines.

**FISCAL IMPACT:**

Amount: 100% of tax increment generated by the project in years 1-10; 75% of tax increment generated by the project in years 10-15. Estimated NPV \$2,037,983, or less than 8% of the total estimated project cost of \$26 million.

Funding Source: Tax increment generated by the project in the Southside Economic Development District Urban Renewal Area.

**ADDITIONAL INFORMATION:**

Fort Des Moines Restoration, L.L.C. has approached the project with the intent to provide a respectful rehabilitation of the Fort Des Moines properties, bringing them back to active use and creating a new thriving neighborhood. The developers have envisioned future commercial development that is compatible with the recreational /educational nature of the adjacent Blank Park Zoo and nearby school and park, taking into account the full context of the area that the Fort Des Moines properties exist within.

The Fort Des Moines properties are located within the boundary for the Southside Economic Development District Urban Renewal Plan, which was approved by City Council in 2010 in order to facilitate economic reinvestment in the SuperBlock area between Army Post Road, SE 14th Street, County Line Road, and SW 9th Street. Significant investment has already been seen with improvements to Blank Park Zoo and Southridge Mall. The Fort Des Moines Restoration project will provide another substantial contribution to the fabric of this area.

**Project Sources & Uses Information:****Sources**

First Mortgage	\$ 9,054,408
Developer Equity	\$ 1,907,222
Federal Historic Tax Credits	\$ 4,011,482
State Historic Tax Credits	\$ 5,181,497
Enterprise Zone Credits	\$ 1,168,701
Project Generated TIF	\$ 2,037,983
Street/Utility Funding	\$ 1,000,000*
Enterprise Zone Sales Tax Rebate	\$ 514,490
Renewable Energy Tax Credits	\$ 142,647
Brownfield Tax Credit	\$ 414,443
Geothermal Tax Credit	\$ 256,328
<u>Utility Rebates</u>	<u>\$ 250,000</u>
	\$25,939,200

**Uses**

Construction Costs	\$20,579,602
Real Estate	\$ 1,900,000
A/E Fees	\$ 1,532,158
Carrying Costs	\$ 1,346,645
CxA/Testing Fee	\$ 205,796
Legal Fees	\$ 250,000
Tax/Accounting Fee	\$ 50,000
Financing Related Fees	\$ 50,000
<u>Marketing</u>	<u>\$ 25,000</u>
	\$25,939,200

\*\$1million source still to be identified

**PREVIOUS COUNCIL ACTION(S): NONE**

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

The Urban Design Review Board will review the project design and proposed financial assistance request at a November meeting. Final terms of agreement will be negotiated and presented to City Council prior to December 31, 2013.

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the first floor of City Hall, 400 Robert D. Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to [cityclerk@dmgov.org](mailto:cityclerk@dmgov.org).