

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	January 12, 2015
	Agenda Item No.	31
	Roll Call No.	<u>15-0044</u>
	Communication No.	<u>15-018</u>
	Submitted by:	Matthew A. Anderson, Assistant City Manager

AGENDA HEADING:

Resolution approving assignment of development agreement by East Village Tower Partners, LLC to Central State Bank as security for financing the rehabilitation of the building at 600 East 5th Street.

SYNOPSIS:

Recommend Council approval of the Assignment of Development Agreement for 600 East 5th Street from East Village Tower Partners, LLC (represented by Jake Christensen, 506 3rd Street, Des Moines, Iowa 50309) to Central State Bank (represented by Dan Downs, 109 West Main Street, State Center, Iowa 50247).

The development agreement for 600 East 5th Street was approved by City Council on June 9, 2014 by Roll Call No. 14-0854 and provides an Economic Development Grant in the amount of \$892,500 over 10 years. East Village Tower Partners, LLC has requested that the City consent to the assignment of its interest in the agreement to Central State Bank as collateral for providing financing for the project.

FISCAL IMPACT:

The request is to assign the benefit previously approved in the Development Agreement to Central State Bank. No additional financial commitment is requested.

ADDITIONAL INFORMATION:

East Village Tower Partners, LLC is conducting a \$9.5 million project to redevelop 600 East 5th Street into 103 market rate residential units and approximately 9,000-square-feet of commercial space targeted primarily for restaurant use. An additional future project is proposed to construct 16 townhome units on the west side of the site along East 3rd Street, which will add additional urban density and taxable valuation to the property.

The project is an investment that will renovate a highly visible property on the northern boundary of the East Village, adding to prior improvements to commercial and residential properties in this district. It provides a positive activation of East 3rd Street and complements the neighboring market rate housing and restaurant projects, E-300 and Zombie Burger.

The project is working to provide market rate units for the downtown market without the benefit of historic tax credits or affordable housing tax credits as part of the financing structure, and is facing numerous construction challenges to bring the building back into fully active use, including complete replacement of existing heating and cooling systems and substantial work to remove asbestos, replace

pavement and address storm water management issues on the site.. The existing building was constructed in 1970 and most recently consisted of senior apartment units and a separate skilled nursing facility. The skilled nursing facility, currently located on the lower level at the southeast end of the site, will remain as a tenant.

PREVIOUS COUNCIL ACTION(S):

Date: June 9, 2014

Roll Call Number: [14-0854](#)

Action: [Urban](#) Renewal Development Agreement with East Village Tower Partners, LLC for the redevelopment of 600 E. 5th Street and approving proposed conceptual development plan. ([Council Communication No. 14-259](#)) Moved by Hensley to adopt. Motion Carried 7-0.

Date: October 21, 2013

Roll Call Number: [13-1646](#)

Action: [Preliminary](#) terms of an Urban Renewal Development Agreement with East Village Tower Partners, LLC for the redevelopment of 600 E. 5th Street in the Metro Center Urban Renewal Area. ([Council Communication No. 13-513](#)) Moved by Hensley to receive, file and approve the preliminary terms of agreement as set forth in the accompanying Council Communication, and to direct the City Manager to proceed with negotiation of a formal agreement with East Village Tower Partners, LLC, consistent with the terms set forth in Council Communication No. 13-513. Motion Carried 7-0.

Date: September 9, 2013

Roll Call Number: [13-1438](#), [13-1439](#), [13-1440](#)

Action: Items regarding request from Jake Christensen for property at 600 E. 5th Street:

- (A) [Hearing](#) on rezoning from “R-4” (Multiple-Family Residential District) to “C-3B” (Central Business Mixed-Use District) to allow use of the property for 103 multiple-family dwelling units, 19,433 square feet of area for a skilled nursing facility, and 4,392 square feet of area for a restaurant use, subject to conditions.
- (B) [Amendment](#) to the Des Moines 2020 Community Character Plan to revise the future land use designation from High-Density Residential to Downtown Retail/Office Core/Core Fringe.
- (C) [First](#) consideration of ordinance above.
- (D) [Final](#) consideration of ordinance above (waiver requested by the applicant), requires 6 votes.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

City Council will be presented with a Certificate of Completion for the project.

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