

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	December 21, 2015
	Agenda Item No.	26
	Roll Call No.	<u>15-2125</u>
	Communication No.	<u>15-666</u>
	Submitted by:	Matthew A. Anderson, Assistant City Manager

AGENDA HEADING:

Resolution approving first amendment to Urban Renewal Development Agreement with Blackbird Investments, LLC as successor to 713 Walnut, LLC for the historic restoration of the Wilkins Building at 713 Walnut.

SYNOPSIS:

On December 8, 2014, by Roll Call No. 14-1903, the City Council approved an Urban Renewal development agreement with 713 Walnut, LLC, then owned by The Alexander Company, Inc., (Joe Alexander, President, 145 East Badger Road Madison, WI 53713) for the renovation of the Wilkins Building at 713 Walnut Street. Subsequently, 713 Walnut, LLC sold and conveyed the building and land to Blackbird Investments, LLC (Justin Doyle, Managing Member, 130 East 3rd Street Des Moines, Iowa 50309). The project elements remain the same, with approximately 10,000-square-feet on the ground floor for commercial use, restoration of the former Younkers Tea Room space for banquet and other assembly use, and 60 residential apartments.

The First Amendment provides for an acknowledgement of the conveyance of the Wilkins Building and land by 713 Walnut, LLC, and assignment of its interest in the development agreement, to Blackbird Investments, LLC, and provides City consent for same. In addition, an extension of the deadline to commence construction of the improvements is provided to March 1, 2016, and the deadline to complete the improvements (exclusive of the streetscape and landscaping improvements) is extended to March 1, 2017. Blackbird Investments, LLC will contribute their portion of costs for the planned streetscape improvements project by the City's required deadline.

FISCAL IMPACT: NONE

ADDITIONAL INFORMATION:

In May 2015, Blackbird Investments, LLC signed a purchase agreement with The Alexander Company for the purchase of the entire Younkers Block, located on Walnut Street between 7th and 8th Streets. The company consists of five (5) partners, Justin Doyle, Ryan Doyle, Harry Doyle, Hugh O'Hagan, and TJ Jacobs. Blackbird Investments, LLC closed on the paperwork with The Alexander Company on July 6.

The Wilkins Building physical renovation proposed by Blackbird Investments, LLC is the same as that proposed by the Alexander Company. Of the 60 housing units, 29 will be market rate and 31 will be affordable to households at 80% of median income. Of the total units, 32 will be 1-bedroom and 28 will be 2-bedroom. Funding sources proposed by the Alexander Company for the project were

pursued and committed over the last few months for the project to continue under Blackbird Investments, LLC, including the \$3 million CDBG-DR award from the Iowa Economic Development Authority (IEDA), which was approved by City Council July 13, 2015. Additional sources include Enterprise Zone tax credits, and Brownfield Redevelopment Tax Credits, both administered by IEDA, Federal and State Historic Tax Credits and a \$1,539,590 economic development grant from the City to be paid out over 10 years.

The estimated project cost is \$20,000,000. Remaining private financing by Blackbird Investments, LLC is being secured and a closing date is anticipated in January 2016.

PREVIOUS COUNCIL ACTION(S):

Date: May 18, 2015

Roll Call Number: [15-0827](#)

Action: [Letter](#) of Support for updated application to IEDA by Blackbird Investments, LLC for rehabilitation of 713 Walnut Street (Wilkins Building). ([Council Communication No. 15-268](#)) Moved by Hensley to adopt. Motion Carried 7-0.

Date: March 23, 2015

Roll Call Number: [15-0503](#)

Action: [Amendment](#) to CDBG-DR Contract for additional stormwater funding for the Edge at Gray's Landing Project and to update the Wilkins Building (713 Walnut) project requirements. ([Council Communication No. 15-131](#)) Moved by Gray to adopt. Motion Carried 6-1.

Date: December 8, 2014

Roll Call Number: [14-1903](#)

Action: [Urban](#) Renewal Development Agreement with Wilkins Building, LLC for an \$18.7 million historic restoration of 713 Walnut and approving Conceptual Development Plan. ([Council Communication No. 14-583](#)) Moved by Hensley to adopt. Motion Carried 7-0.

Date: November 17, 2014

Roll Call Number: [14-1776](#)

Action: [Preliminary](#) terms of agreement with Wilkins Building LLC for City assistance for the renovation of the Wilkins Building (formerly the west half of the Younkers Building). ([Council Communication No. 14-545](#)) Moved by Gatto to receive, file and approve preliminary terms of agreement as set forth in Council Communication No. 14-545 and to direct the City Manager to proceed with negotiation of formal agreement consistent with such terms. Motion Carried 7-0.

Date: November 3, 2014

Roll Call Number: [14-1730](#)

Action: [On](#) proposed 2015-19 Five Year Des Moines Strategic Plan and 2015 Action Plan for HUD Consolidated Plan. ([Council Communication No. 14-528](#)) Moved by Hensley to adopt. Motion Carried 7-0.

Date: June 24, 2013

Roll Call Number: [13-1037](#)

Action: [Approving](#) First Amendment to the Urban Renewal Development Agreement with Alexander Company for the \$36,000,000 Historic Renovation of the former Younkers Building. ([Council Communication No. 13-309](#)) Moved by Hensley to adopt. Motion Carried 7-0.

Date: December 3, 2012

Roll Call Number: [12-1883](#), [12-1884](#), and [12-1885](#)

Action: Items regarding historic renovation of former Younkers building at 713 Walnut Street: ([Council Communication No. 12-600](#))

- (A) [Approving](#) \$3,000,000 in CDBG-DR funds and \$250,000 HOME loan with 713 Walnut, LLC for the development of 120 housing units as part of the Younkers Building Project.
- (B) [Approving](#) Urban Renewal Development Agreement with the Alexander Company, Inc. and Conceptual Development Plan.
- (C) [Approving](#) application for Enterprise Zone Benefits to be referred to the Des Moines Enterprise Zone Commission and the IEDA for Younkers Building, LLC (Joe Alexander, President, Alexander Company) \$35 million dollar project constructing of 120 housing units at 713 Walnut Street in the Gateway Enterprise Zone.

Date: June 11, 2012

Roll Call Number: [12-0893](#)

Action: [Regarding](#) amended preliminary terms of agreement with The Alexander Company, for redevelopment of the former downtown Younkers Department Store, 813 Walnut Street. ([Council Communication No. 12-260](#)). Moved by Hensley to receive, file and approve amended preliminary terms of agreement as set forth in the accompanying Council Communication and to direct the City Manager to proceed with negotiations of formal agreements with The Alexander Company consistent with such terms. Motion Carried 7-0.

Date: October 25, 2010

Roll Call Number: [10-1782](#)

Action: [Preliminary](#) terms of agreement with The Alexander Company for redevelopment of the former downtown Younkers Department Store at 713 Walnut Street. ([Council Communication No. 10-623](#)) Moved by Hensley to receive, file and approve preliminary terms of agreement set forth in the Council Communication and to direct the City Manager to proceed with negotiations of formal agreements with The Alexander Company consistent with the terms set forth in the Council Communication. Motion Carried 7-0.

Date: November 8, 2010

Roll Call Number: [10-1849](#)

Action: [Major](#) Amendment No. 4 to CDBG-DR Fund Contract with Iowa Department of Economic Development (IDED) adding funds for Anawim/Hubbell Project in 2200 block of Forest Avenue and Younkers Building/Alexander Company projects. ([Council Communication No. 10-675](#)) Moved by Hensley to approve. Motion Carried 7-0.

Date: June 28, 2010

Roll Call Number: [10-1096](#)

Action: Submittal of Multi-Family New Construction Applications for CDBG-DR funds to the IDED for the following: ([Council Communication No. 10-391](#)) [Redevelopment](#) of 140 rental units at 713 Walnut (Former Younkers Building), \$3,060,000. Moved by Griess to approve. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Urban Design Review Board

Date: December 2, 2014

Resolution Number: N/A

Action: Motion: to approve final design provided the Walnut Street streetscape will address the pocket park by Heiman-Godar seconded by Peters. Motion carried yea 9 – nay 0 – absent 2.

Board: Urban Design Review Board

Date: November 18, 2014

Resolution Number: N/A

Action: Motion: to approve the financial assistance package by Allen, seconded by Dietz-Kilen. Motion carried yea 8 – nay 0 – absent 3. Motion: to approve the preliminary design by Heiman-Godar, seconded by Nagle. Motion carried yea 8 – nay 0 – absent 3.

Board: Urban Design Review Board

Date: July 17, 2012

Resolution Number: N/A

Action: Motion for final approval as submitted by Hearn. Seconded by Rypma. Motion carried.

Board: Urban Design Review Board

Date: June 19, 2012

Resolution Number: N/A

Action: Motion to approve by Allen. Seconded by Clark. Motion carried.

Board: Urban Design Review Board

Date: February 15, 2011

Resolution Number: N/A

Action: No action taken. Board requested that Low Income Housing Tax Credits be evaluated for the projected to potentially reduce the amount of City tax increment assistance needed.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Issuance of Certificate of Completion.

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