

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	September 26, 2016
	Agenda Item No.	50
	Roll Call No.	<u>16-1637</u>
	Communication No.	<u>16-548</u>
	Submitted by:	Matthew A. Anderson, Assistant City Manager

AGENDA HEADING:

Approving preliminary terms of agreement with Blackbird Investments, LLC for the development of the east side of the former Younkens site at 701 Walnut Street.

SYNOPSIS:

Blackbird Investments, LLC (Justin Doyle, Partner, 130 East 3rd Street Des Moines, Iowa 50309) is proposing a 276 unit market rate residential project at 701 Walnut Street. The estimated \$85 million project will construct a 26-story tower, offer first floor commercial space, numerous tenant amenities, and introduce significant project elements for both tenant and general public benefit, including a publicly accessible park space at the skywalk level that will be owned and maintained by Blackbird Investments, LLC and an electric vehicle garage with 12 vehicles to be available to tenants and the general public, in addition to activation of Walnut Street and programming the street level space between the new project and the Wilkins Building for public use.

The project will be required to undertake building and connecting three (3) entries to the skywalk system, as well as substantial subsurface structural work below the building and around the adjacent street system. The proposed high rise construction will utilize cast in place concrete, steel framing and a cladding of glass curtainwall on the building exterior, providing a signature project to augment public and private investments into Walnut Street. Construction is expected to begin in November 2016 and be completed in July 2018.

The Office of Economic Development (OED) has negotiated preliminary terms of an Urban Renewal Development Agreement with Blackbird Investments, LLC for the project, with project generated tax increment to be provided in semi-annual payments for a period of 10 years. Additional information is provided in the fiscal impact section below.

FISCAL IMPACT:

Amount: 100% of project generated tax increment in years 11-20 following the conclusion of any eligible residential tax abatement, estimated NPV \$4,215,630 or approximately 5% of the total project cost of \$85 million. The project will also receive a 10 year 100% residential tax abatement in years 1 through 10 under the City’s Urban Revitalization Plan.

Funding Source: Project generated tax increment in the Metro Center Urban Renewal Area

ADDITIONAL INFORMATION:

- Blackbird Investments, LLC is also engaged in the historic redevelopment of the Wilkins Building to the east of the tower project site, which will include the restoration of first floor commercial space and the former Tea Room.
- City staff will coordinate with Blackbird Investments, LLC on the completion of the Walnut Street Streetscape components that are programmed for the frontage of both the proposed 701 Walnut site and the 713 Walnut Wilkins Building site. Blackbird Investments, LLC has already provided a contribution for their portion of the streetscape project.
- Coordination has already begun with OED, City Engineering, Traffic and Transportation, the development team, project contractors and other Walnut Street businesses for access and navigation of the vicinity during construction.
- The development agreement will include the negotiation of 276 leased parking spaces in the 8th and Mulberry parking garage. In addition, the development team will update City staff on the proposal to include the general public in the allowed usage of the electronic vehicles and the mechanism to manage this access for users over time.

PREVIOUS COUNCIL ACTION(S):

Date: May 23, 2016

Roll Call Number: [16-0855](#)

Action: [Second](#) Amendment to the 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 Street. ([Council Communication No. 16-294](#)) Moved by Gatto to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Urban Design Review Board

Date: September 6, 2016

Resolution Number: N/A

Action: No action; informational review for board input.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- Review of the project design and financial assistance proposal by the Urban Design Review Board.
- Review of final development agreement by City Council.

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