

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	May 8, 2017
	Agenda Item No.	41
	Roll Call No.	<u>17-775</u>
	Communication No.	<u>17-404</u>
	Submitted by:	Erin Olson-Douglas, Economic Development Director

AGENDA HEADING:

First amendment to the Amended and Restated Urban Renewal Development Agreement with Fort Des Moines Development Partnership, LLLP.

SYNOPSIS:

On February 23, 2015, City Council approved final terms of an Urban Renewal Development Agreement with Fort Des Moines Restoration, L.L.C. (Justin Doyle, Partner, 130 East 3rd Street, Des Moines, Iowa 50309) for an estimated total project cost of \$38 million consisting of the rehabilitation of six (6) of the existing buildings in Historic Fort Des Moines into 142 market-rate residential housing units. As anticipated, Fort Des Moines Restoration, LLC, assigned all its right, title and interest in the Agreement to FDM Development Partnership, LLLP.

The project was unable to initiate construction in 2015 as originally anticipated due to the inability to finalize project financing; in particular, not receiving an award under the State Historic Tax Credit program. Additional delays in financing occurred due to ongoing volatility in the state and federal tax-exempt bond markets as well as uncertainty at the national level on historic tax credits. Financing has now been finalized to allow the project to move forward as planned.

The first amendment to the Amended and Restated agreement provides for a 1-year extension on the commencement and completion dates for the project to September 30, 2017 and December 31, 2018, respectively.

FISCAL IMPACT:

Amount: There are no proposed changes to the original financial terms which will remain as follows: 100% of tax increment generated by the project in years one (1) -10; 75% of tax increment generated by the project in years 10-15. Estimated NPV \$2,037,983. Payments will be made on a semi-annual basis according to the terms of the development agreement. The project will forego any available tax abatement on the residential units.

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

ADDITIONAL INFORMATION:

- 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.
- FDM Development Partnership, LLLP's plan will provide the significant financial investment and substantial historic rehabilitation necessary to bring the structures back to active use.
- The developer intends to provide a model of stewardship and high performance construction practices 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 and green infrastructure practices.
- Future phases of the Fort Des Moines Restoration project propose the incorporation of additional residential units, as well as neighborhood commercial and recreational uses, following additional land and building acquisition from various entities in the Fort boundary, including the City of Des Moines, the State of Iowa, and the Blank Park Zoo Foundation.

PREVIOUS COUNCIL ACTION(S):

Date: August 22, 2016

Roll Call Number: [16-1412](#)

Action: [Amended](#) and Restated Urban Renewal Development Agreement with Fort Des Moines Restoration, LLC for the rehabilitation of existing buildings in historic Fort Des Moines for residential use. ([Council Communication No. 16-480](#)) Moved by Moore to adopt. Motion Carried 6-1. Absent: Hensley.

BOARD/COMMISSION ACTION(S):

Board: Urban Design Review Board

Date: November 19, 2013

Resolution Number: N/A

Action: Motion by Clark for final approval of the design and financial assistance as presented. Seconded by Hearn. Approve-6; Recusal-1; Absent-2.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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