

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b> January 22, 2018
	<b>Agenda Item No.</b> 22 <b>Roll Call No.</b> <u>18-0116</u> <b>Communication No.</b> <u>18-034</u> <b>Submitted by:</b> Erin Olson-Douglas, Economic Development Director

**AGENDA HEADING:**

Resolution approving preliminary terms of an Urban Renewal Development Agreement with Nelson Development for multi-family housing at 110 SE 7th Street.

**SYNOPSIS:**

Nelson Development, LLC, (Michael K. Nelson, Managing Member, 218 6th Avenue, Suite 200, Des Moines, Iowa, 50309) proposes to redevelop an industrial site with a 4-story, 162 unit multi-family apartment building on a full city block between SE 6th Street and SE 7th Street, and the former East Market Street alignment and active Iowa Interstate railway line. Rowat Lofts includes the construction of East Vine Street as a new public street, improvements to construct an urban cross section and streetscape at SE 6<sup>th</sup> and SE 7th Streets, and undergrounding of existing overhead utility lines.

Nelson Development has committed to an affordable housing component; 10% of the units will have a rent structure targeted to those earning approximately 80% of the area’s median income (AMI). The total anticipated project cost is \$27.1 million.

Staff has negotiated a financial assistance package to support the development of the project and affordable dwelling units. The proposed incentives provide gap funding for the capital investment of this pioneering project in the emerging Market District.

**FISCAL IMPACT:**

Amount: The financial assistance package will consist of Metro Center Urban Renewal Area tax increment funds based on a graduated scale as follow:

- Years 1-3: 60%
- Years 4-6: 45%
- Years 7-9: 40%
- Years 10-12: 35%
- Years 13-15: 30%

The project will also apply for 10-year tax abatement.

Funding Source: Metro Center TIF – a specific fund code will be assigned by the Finance Department

**ADDITIONAL INFORMATION:**

This project is a step towards realizing the plan for a mixed-use urban district as envisioned in the City's May 2010 Market District of East Village Urban Design Study. The district is currently occupied by the City's Public Works and Fleet facilities, the main Police Station, maintenance and operations warehouses for MidAmerican Energy, a salvage yard and a collection of industrial and warehouse uses. The project utilizes a full block previously occupied by the Rowat Cut Stone & Marble Company on the eastern edge of the Market District. The structure on this property has recently been demolished, but previously had an assessed building value of only \$100.

Rowat Lofts includes a mix of studio, one (1) bedroom and two (2) bedroom units on four (4) floors. Parking needs will be accommodated by a combination of a surface parking lot and on-street parking. The building is designed in "U"-shaped configuration with a courtyard that opens to the pedestrian plaza on the former East Market Street alignment to be constructed by the adjoining District at 6th Lofts project. Exterior building materials will consist of primarily brick and metal panels with large window openings and steel balconies.

Staff requested that the company include affordable units to address rising rents in the downtown market. Nelson Development has agreed to make 10% of the units (17 units total) in the Rowat Lofts available to those earning 80% AMI. Staff will negotiate the terms of implementing and monitoring the affordability component.

The project creates much needed infrastructure in this area. The construction of East Vine Street between East 6th Street and East 7th Street, a new urban cross section and streetscape at East 6<sup>th</sup> and East 7th Streets, and undergrounding over-head utility lines continues the reinvestment in infrastructure needed to foster redevelopment in the Market District. Additionally, the development includes extension of public sanitary and storm sewers to the site.

#### **PREVIOUS COUNCIL ACTION(S):**

Date: December 18, 2017

Roll Call Number: [17-2150](#)

Action: [Support](#) of a Workforce Housing Tax Credit benefit application to be submitted to the Iowa Economic Development Authority (IEDA) by Rowat Lofts, LLC for a 158 multi-family housing development at 110 SE 7<sup>th</sup> Street. ([Council Communication No. 17-865](#)) Moved by Hensley to adopt. Motion Carried 7-0.

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

#### **ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

City Council consideration of an Urban Renewal Development Agreement

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).