

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	March 8, 2018
	Agenda Item No.	31
	Roll Call No.	<u>18-0360</u>
	Communication No.	<u>18-104</u>
	Submitted by:	Erin Olson-Douglas, Economic Development Director

AGENDA HEADING:

Resolution approving preliminary terms of an urban renewal development agreement with RE3, LLC for the historic renovation of 440 E Grand Avenue into a mixed-use residential and commercial development.

SYNOPSIS:

RE3, LLC (Tim Rypma, Member, 102 Court Avenue, Suite 204, Des Moines, IA 50309) has proposed an adaptive reuse and historic restoration of the 7,658-square-foot building at 440 E Grand Avenue for commercial, retail, small-scale bistro and residential uses. The project is anticipated to cost \$2.2 million and would begin construction in spring 2018.

The Office of Economic Development has negotiated preliminary terms of an urban renewal development agreement with RE3, LLC, that provides for a declining scale of project-generated tax increment to serve as the core mechanism for responding to a financing gap presented by the developer. Additional details are provided in the fiscal impact section below.

FISCAL IMPACT:

Amount: 100% of the tax increment generated by the project in years one (1) through five (5); 75% in years six (6) through 10; and 50% in years 11 through 15. Total assistance is estimated at \$423,000 on a cash basis (\$301,000 on a net-present-value basis at a 4.5% discount rate).

Funding Source: Tax Increment generated by the project in the Metro Center Urban Renewal Area.

ADDITIONAL INFORMATION:

- The project is anticipated to have one (1) residential market rate apartment unit on the upper floor with approximately 1,400 square feet.
- The project will include approximately 6,200 square feet of commercial space on the ground floor.
- The developer is seeking historic tax credits and working with the State Historic Preservation Office (SHPO) on project design requirements.

- Additional requirements of the project include undergrounding of utilities and upgrading a street light pole along East 5th Street.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- March 13, 2018: Urban Design Review Board – Preliminary design recommendations.
- April 10, 2018: Urban Design Review Board – Final design and financial assistance recommendations.
- April 23, 2018: City Council - Final Terns for Urban Renewal Development Agreement.

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the first floor of City Administration Building, 400 E. Court Avenue Ste.116. Council agendas are 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.