

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	April 23, 2018
	Agenda Item No.	35
	Roll Call No.	<u>18-0700</u>
	Communication No.	<u>18-194</u>
	Submitted by:	Erin Olson-Douglas, Economic Development Director

AGENDA HEADING:

Resolution approving final terms of an urban renewal development 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 7,600-square-foot building at 440 East 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 renovation includes plans for one (1) residential market rate apartment unit on the upper floor with approximately 1,400 square feet and 6,200 square feet of commercial space on the ground floor. The developer is seeking historic tax credits in addition to tax increment financing incentives (TIF), and is working with the State Historic Preservation Office (SHPO) on design requirements. The design team consists of Goche Inclusions, LLC, and Hildreth Construction will be the general contractor for the project.

The Office of Economic Development has negotiated final terms of an urban renewal development agreement with RE3, LLC, that provides for a declining scale of the 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 tax increment assistance is estimated at \$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 building was originally constructed in 1929 as the Daniels Brothers Super Service Station Building. The “super service station” was a specific auto-related building type that developed during the interwar period in response to the growth of the automobile industry.

- The developer has committed to participating in Mid-American Energy’s Commercial New Construction Program and will be installing low volume water fixtures for energy efficiency and sustainability efforts.
 - The Mid-American Energy’s Commercial New Construction Program provides complimentary energy design assistance and financial incentives to help offset the cost of implementing energy-efficient strategies.

PREVIOUS COUNCIL ACTION(S):

Date: March 8, 2018

Roll Call Number: [18-0360](#)

Action: [Authorizing](#) City Manager to negotiate agreement based on preliminary terms with RE3, LLC for historic renovation at 440 E. Grand Avenue into a mixed-use residential and commercial development. ([Council Communication No. 18-104](#)) Moved by Gatto to adopt. Motion Carried 6-1. Absent: Boesen.

BOARD/COMMISSION ACTION(S):

Board: Urban Design Review Board

Date: March 27, 2018

Resolution Number: N/A

Action: Motion to recommend approval by Barnum. Seconded by Nagle. Motion carried. Yes = 8, No = 0, Absent = 1, Abstain = 1.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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