


# COUNCIL COMMUNICATION

	Number:	<b>19-120</b>	Meeting:	<b>March 25, 2019</b>
	Agenda Item:	<b>28</b>	Roll Call:	<b>19-0478</b>
	Submitted by:	<b>Erin Olson-Douglas, Economic Development Director</b>		

**AGENDA HEADING:**

Resolution approving preliminary terms of an Urban Renewal Development Agreement with JR Partners, LLC for the historic renovation of 401 East Court Avenue.

**SYNOPSIS:**

JR Partners, LLC (Tim Rypma, Jeremy Cortright, and Paul Cownie, Members, 102 Court Avenue, Suite 204, Des Moines, IA 50309) is proposing a \$3 million historic renovation of the 1-story, approximately 10,700-square-foot commercial building located at 401 East Court Avenue. The building was originally constructed in 1940 as the first purpose-built A&P Super Market in Des Moines.

The Office of Economic Development has negotiated preliminary terms of an urban renewal development agreement with JR Partners, LLC, which provides for a declining schedule of tax increment generated by the proposed project 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: The proposed terms provide for a declining schedule of the project generated tax increment from the taxable building valuations (exclusive of land) in years 1-15, starting at 90% for years 1-5, 85% in years 6-9, 80% in years 10-12, and 75% in years 13-15. The total incentive is estimated at \$439,000 (NPV at a 4.5% discount rate). The assistance is estimated at 14.8% of total project costs.

Year	Estimated Taxes Received without Project*	Estimated Taxes Received with Project**	Estimated Incentive Paid	Estimated Net Taxes Received
Sum 10 Years	\$204,205	\$735,847	\$335,693	\$400,154
Sum 20 Years	\$420,284	\$1,720,940	\$645,161	\$1,075,779
Sum 30 Years	\$638,651	\$2,881,701	\$645,161	\$2,236,540

\*Taxes include all property taxing authorities (not just City property taxes).

\*\*Taxes received estimates used the following assumptions: 2.5% growth in re-assessment years, 1.5% growth in non-re-assessment years.

**Building and Land Valuation Assumptions at Completion of Construction:**

\$1,335,750 Commercial Building Assessment

\$ 423,700 Land Assessment

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

**ADDITIONAL INFORMATION:**

- The Development team is seeking federal and state historic tax credits and is working with the State Historic Preservation Office (SHPO) on design requirements.
- The renovated building will contain three (3) separate commercial tenant bays. The development team is currently working with a restaurant tenant and a tenant looking for exercise studio space.
- Renovating the building for new retail, restaurant and other commercial uses will build on the work that has been done to extend the commercial vitality of the Historic East Village further south, linking the emerging Market District with the established East Village neighborhood.
- The design team consists of BNIM architects and Hildreth Construction will be the general contractor on the project.
- Construction is proposed to start spring 2019 and the project anticipates a 12-month construction period.

**PREVIOUS COUNCIL ACTION(S): NONE**

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

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

- Recommendation on Financial Assistance and Design – Urban Design Review Board
- Consideration of final terms of development agreement – City Council

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 Hall, 400 Robert D Ray Drive. 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](mailto:cityclerk@dmgov.org).