

COUNCIL COMMUNICATION

	Number:	20-099	Meeting:	February 24, 2020
	Agenda Item:	29	Roll Call:	20-0346
	Submitted by:	Erin Olson-Douglas, Economic Development Director		

AGENDA HEADING:

Resolution approving final terms of an Urban Renewal Development Agreement with 3750 Grand, LLC, for the partial rehabilitation and construction of an 8-story residential building with approximately 38 condominiums and 59 indoor parking stalls at 3750 Grand Avenue.

SYNOPSIS:

The Developer, 3750 Grand, LLC, (Harry Bookey, Developer, 400 Locust Street, Suite 790, Des Moines, IA) is proposing a partial rehabilitation of the vacant former First Church of Christ Scientist property located at 3750 Grand Avenue, and new construction of an 8-story building with approximately 38 condominiums on the upper six (6) stories and approximately 59 indoor parking stalls located on floors one (1) and two (2). Total project costs are estimated at \$37.4 million.

The proposed final terms of an urban renewal development agreement with 3750 Grand, LLC, provides for an economic development grant consisting of tax-increment generated by the project over a 10-year period 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 project-generated tax-increment on the building valuations, exclusive of land, at 100% for a 10-year term. The financial assistance will be capped at a maximum of \$4,800,000 (net present value {NPV} at a 4.5% discount rate). The assistance is estimated at 12.8% 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	\$0	\$8,716,485	\$6,544,088	\$2,172,397
Sum 20 Years	\$0	\$19,395,794	\$6,544,088	\$12,851,706
Sum 30 Years	\$0	\$32,412,247	\$6,544,088	\$25,868,159

*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:

\$29,248,002 Commercial Building Assessment

\$ 308,000 Land Assessment

Funding Source: 38th and Grand Urban Renewal Area – TIF District #1**ADDITIONAL INFORMATION:**

- The buildings at 3750 Grand Avenue were built in the 1930's and 1940's for First Church of Christ Scientist. The real estate was listed for sale in December 2008 and sold four (4) years later to WesleyLife. The last church service on this site was held in July 2010 and the buildings have been vacant and unoccupied since that time. In recent years, the buildings have experienced rapid decline in condition with vandalism as well as significant water damage causing mold and deterioration to the buildings' interiors. The buildings were all recently downgraded to below normal condition on the Polk County Assessor's records.
- The proposal includes new construction of for sale condominium units, which helps to fill a missing housing type in Des Moines.
- Prior uses of the property were classifications that are exempt from property taxes. The proposed owner-occupied condo use will bring the property onto the property tax rolls.
- The proposal retains and renovates the original Sunday school wing, the rectory, and the administrative wing. The original front courtyard façade and the church's main entrance doorways will also be retained and restored to a large extent. The Grand Avenue courtyard between the two (2) wings would be completely re-landscaped and refurbished. All of the existing stained-glass windows in the spaces identified to be restored will be retained. The project proposes to retain approximately 10,036 square feet of the existing church buildings and would demolish the sanctuary building, which is approximately 10,831 square feet.
- The Developer will comply with Mid-American Energy's Commercial New Construction Energy Efficiency Program and will work with the Willdan group prior to final terms of agreement to determine what percentage of energy performance above energy code is feasible for the project.

PREVIOUS COUNCIL ACTION(S):**Date:** January 13, 2020**Roll Call Number:** [20-0108](#), [20-0109](#), and [20-0110](#)

Action: On request from 3750 Grand, LLC (Kate Miller, Officer) to rezone property located at 3750 Grand Avenue from “R-3” (Multiple-Family Residential) and “R1-80” (One-Family Residential) to “PUD” (Planned Unit Development) and to approve the “Thirty Seven Fifty on Grand” PUD Conceptual Plan, to allow for redevelopment of the existing vacant First Church of Christ, Scientist with demolition of a portion and addition of an 8-story, 42-unit residential condominium tower with two levels being indoor parking. The building would have first floor commercial uses. Moved by Mandelbaum to adopt. Motion Carried 7-0.

- (A) First consideration of ordinance above. Moved by Mandelbaum that this ordinance be considered and given first vote for passage. Motion Carried 7-0.
- (B) Final consideration of ordinance above (waiver requested by Kate Miller, Project Manager), requires six votes. Moved by Mandelbaum that the rule requiring that an ordinance must be considered and voted on for passage at two Council meetings prior to the meeting at which it is to be finally passed be suspended, that the ordinance be placed upon its final passage and that the ordinance do now pass, #15,851. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Urban Design Review Board

Date: January 7, 2020

Resolution Number: N/A

Action: Motion to approve the financial assistance from tax-increment as being reasonable and appropriate. Motion by Nagle. Seconded by Hielkema. Motion carried. Yes = 6, No = 0, Abstain = 0, Absent = 2. Motion to approve the final design as presented. Motion by Clark. Seconded by Wilke-Shapiro. Motion carried. Yes = 6, No = 0, Abstain = 0, Absent = 2.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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