


## COUNCIL COMMUNICATION

	Number:	<b>23-046</b>	Meeting:	<b>January 23, 2023</b>
	Agenda Item:	<b>16</b>	Roll Call:	<b>23-0103</b>
	Submitted by:	<b>Matthew A. Anderson, Deputy City Manager</b>		

### AGENDA HEADING:

Resolution approving final terms of an Urban Renewal Development Agreement with Union at Rivers Edge, LP (The Annex Group), for the new construction of a 216-unit multi-family apartment project located on property addressed as 1600 Indianola Avenue.

### SYNOPSIS:

Recommend approval of a resolution for the final terms of an Urban Renewal Development Agreement with Union at Rivers Edge, LP, a limited partnership created by the Developer, The Annex Group, (Kyle Bach, General Partner, 409 Massachusetts Avenue, Suite 300, Indianapolis, IN 46204), for the new construction of a 216-unit, \$56.1 million multi-family apartment project located on a vacant site addressed as 1600 Indianola Avenue (formerly known as 214 Jackson Avenue), to be known as The Union at Rivers Edge. The project will consist of two (2) buildings being constructed simultaneously and includes a 6-story building with 192 apartment units, and a 3-story building with 24 apartment units. The Developer is working to secure the 4% housing tax credit from the Iowa Finance Authority (IFA). All units within the project will be devoted to affordable housing by keeping the average rental rate at no more than 60% of the Polk County rent limits and corresponds to individuals who earn an average of 60% or less of the area median income (AMI). More information on 60% restricted income limits can be found at this link [here](#).

The Office of Economic Development has negotiated final terms of an Urban Renewal Development Agreement with Union at Rivers Edge, LP, which provides for tax increment financing (TIF) to respond to a construction financing gap on the project, as presented by the Developer and evaluated by City staff. Additional details on the final terms are provided in the fiscal impact section below.

### FISCAL IMPACT:

Amount: The financial terms propose a project-generated economic development TIF grant commencing in year nine (9) when the residential tax abatement starts declining, running through year 17 of the project. The project is proposed to receive TIF incentives generated from the increment on the new building valuation (exclusive of land) with a schedule proposed at 100% in project years nine (9) through 11, 95% in years 12-15, and 90% in years 16-17, with a capped maximum amount of assistance at \$2.9 million on a net present value (NPV) basis. The estimated cash value of the economic grant is \$5,063,720 (\$2.9 million on a NPV basis utilizing a 4.5% discount rate). The TIF assistance is estimated at 5.03% of total project costs.

The project is eligible for and intends to seek residential tax abatement under the 10-year declining schedule with 8-year 100% abatement, 60% abatement in year nine (9), 40% abatement in year 10. The

total assessed value for the vacant site is currently \$550,000. Upon completion of the project, the projected total assessed value of both land and buildings are estimated at \$16,108,912.

Year	Estimated Taxes Received without Project*	Estimated Taxes Received with Project**	Estimated TIF Incentive Paid	Estimated Net Taxes Received
Sum 10 Years	\$188,406	\$1,672,660	\$700,322	\$972,338
Sum 20 Years	\$469,994	\$10,502,700	\$5,063,720	\$5,438,980
Sum 30 Years	\$813,207	\$21,237,122	\$5,063,720	\$16,173,402

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

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

Building and Land Valuation Assumptions at Completion of Construction:

\$15,558,912 Building Assessment

\$550,000 Land Assessment

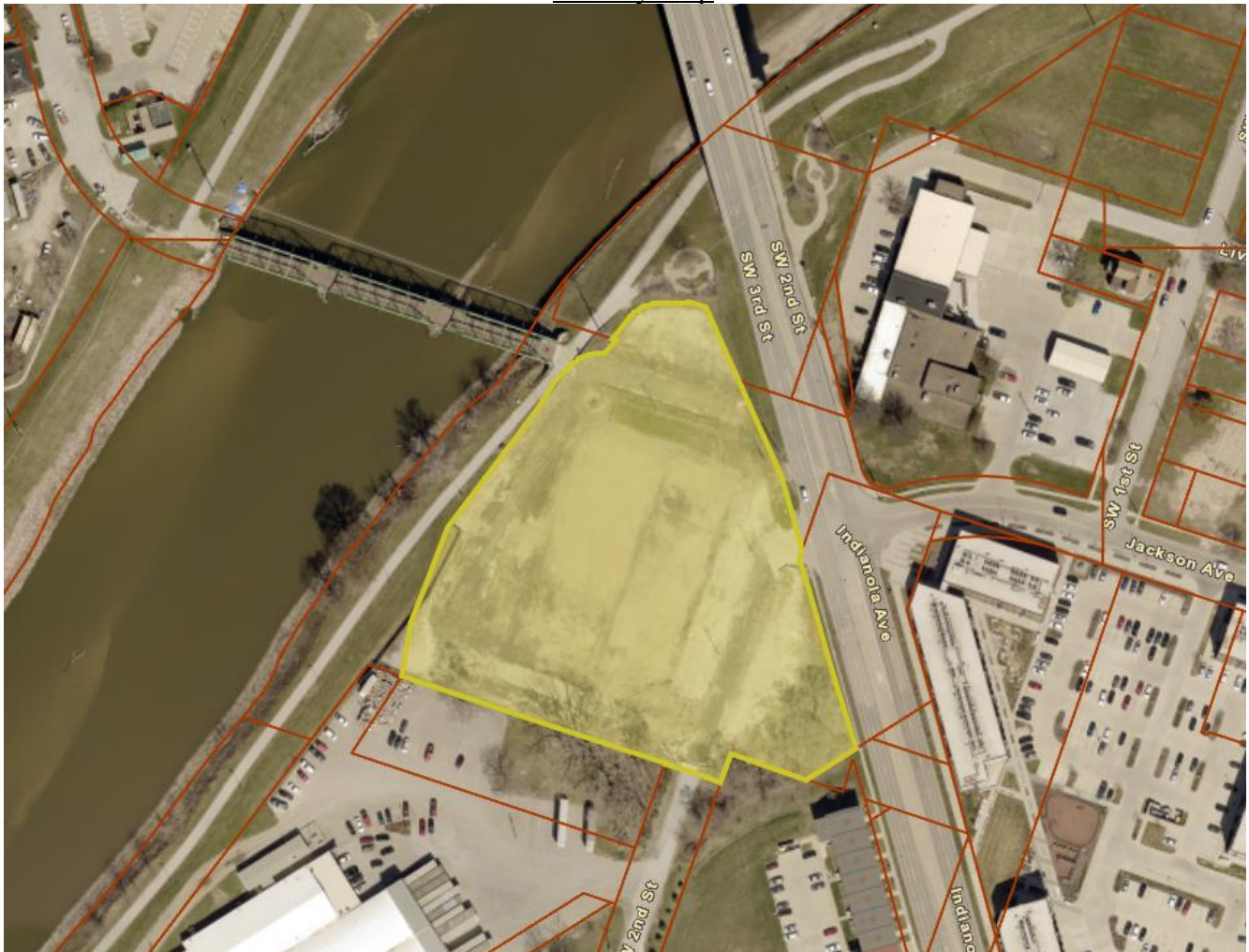
Funding Source: Tax increment generated by the project in the Metro Center Urban Renewal Area.

**ADDITIONAL INFORMATION:**

- The subject property is located at the southern foot of the SW 5th Street pedestrian bridge on a site that is currently vacant. A light industrial building that formerly housed a Siegwerk ink warehouse was demolished in early 2021.
- The project will consist of two (2) buildings: a 3-story building along Indianola Avenue, and a 6-story building containing one (1) floor of first level parking on the interior of the site, a total of 78 1-bedroom units, 87 2-bedroom units, and 51 3-bedroom units. A total of 200 parking spaces are proposed with the development, with the majority of the stalls being covered indoor parking on the first floor of the 6-story building.
- Proposed project amenities include a community room, on-site leasing office, exercise room, lounge area, and business center. Site amenities include a dog play area, playground, picnic area, and elevated patio space. Pedestrian connections to the adjacent trail are currently being studied.
- The project is anticipated to commence construction in the second half of 2023 with completion expected in late 2025.
- The project is seeking the 4% housing tax credit from IFA, which will provide affordable rents with income restrictions by keeping the average rental rate of all units at no more than 60% of the Polk County rent limits and corresponds to individuals who earn an average of 60% or less of the area median income for a minimum of 30 years. ~~to all proposed dwelling units in the project that will correspond with an average of 60% of the area median income for Polk County. The Developer proposes the following affordability makeup within the project: 50 units at 70% AMI, 146 units at 60% AMI, 10 units at 40% AMI, and 10 units at 30% AMI.~~
- The buildings are proposed to be fully electric for heating and cooking sources, the Developer will install electrical vehicle (EV) charging stations and infrastructure to supply additional EV charging stations as future demand warrants and is planning to incorporate elements of the 2021 Energy Code. The project will also be required to participate in the MidAmerican Energy Commercial New Construction program, heightening the development’s energy efficiency to levels above minimum energy code requirements.

- The Development Agreement includes requirements for the Developer to provide the City with verifiable payroll records of the Developer, its contractors, and subcontractors upon request. The Agreement requires that the Developer shall notify each contractor and subcontractor of this provision in the Agreement.
- The Developer will work with Des Moines Area Regional Transit (DART) on participation in the All-Access Partnership program, providing future residents with transit passes. Additionally, coordination with DART on locating a transit stop proximate to the project is underway.
- The Developer intends to underground the existing overhead utility lines that cross the site.
- The City is currently reconstructing the adjacent levee on the south bank of the Raccoon River, which will include a new flood wall and trail segment on the top of the levee.
- The Developer held an informational neighborhood meeting to provide additional details on the project with McKinley School/Columbus Park Neighborhood Association on October 4, 2022.
- The City has opted to commission a Traffic Impact Study for the project and to analyze the intersections and pedestrian crossing areas along a segment of Indianola Avenue. One (1) outcome of the study is to construct an activated signal pedestrian crossing at Jackson Avenue. City staff have requested that the Developer construct this improvement as a part of their project through a private construction contract, which has also been included as a project requirement within the development agreement.

Vicinity Map



Rendering



**PREVIOUS COUNCIL ACTION(S):**

Date: August 8, 2022

Roll Call Number: [22-1256](#)

Action: [Preliminary](#) terms of an Urban Renewal Development Agreement with Union at Rivers Edge, LP (The Annex Group), for the new construction of a 216-unit multi-family apartment project at 214 Jackson Avenue. ([Council Communication No. 22-357](#)) Moved by Mandelbaum to adopt. Second by Sheumaker. Motion Carried 4-3. Nays: Cownie, Gatto and Westergaard.

**BOARD/COMMISSION ACTION(S):**

Board: Plan and Zoning Commission

Date: December 15, 2022

Resolution Number: N/A

Action: The Plan and Zoning Commission voted 9-2 on a motion to approve the public hearing site plan and Type 2 Design alternatives, subject to compliance with all administrative review comments for the “Union at Rivers Edge” multi-family residential project located on property at 1600 Indianola Avenue (formerly known as 214 Jackson Avenue).

Board: Urban Design Review Board

Date: November 15, 2022

Resolution Number: N/A

Action: A quorum of Board members was not reached, but a consensus of the members present recommend approval of the final design as presented. A consensus of the members present recommended approval of the financial assistance as presented.

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

- Issuance of Certificate of Completion, upon construction of the project being satisfactorily finished.
- Approval of private construction contracts for public improvement work associated with the project.

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).