


COUNCIL COMMUNICATION

 CITY OF DES MOINES OFFICE OF THE CITY MANAGER	Number: 23-347	Meeting: July 17, 2023
	Agenda Item: 45	Roll Call: 23-1011
	Submitted by: Cody Christensen, Development Services Director	

AGENDA HEADING:

Resolution approving a Third Amendment to the Urban Renewal Development Agreement with Bridge District Level, LLC, Bridge District II Townhomes, LLC and Bridge District II, LLC for the new construction of a five (5)-story, 114-unit multi-family housing project and a 25-unit rowhome project located in the 300 block of Maple Street.

SYNOPSIS:

On March 23, 2020, by Roll Call No. 20-0533, the Council approved the Urban Renewal Development Agreement for Hubbell Realty Company, d/b/a Bridge District Level, LLC (Rick Tollakson, Matt Weller, Officers, 6900 Westown Parkway, West Des Moines, IA 50266), which is constructing a new 114-unit multi-family residential project called the “Level Apartments”, located on a formerly vacant site in the 300 block of Maple Street.

The Office of Economic Development previously negotiated final terms of an Urban Renewal Development Agreement with Bridge District Level, LLC, which provides for a combination of tax abatement, tax increment in the form of an economic development grant from the Metro Center Tax Increment Financing (TIF) district, and tax increment generated by the project proposed over a 20-year period to serve as the primary means of responding to a financing gap presented by the Developer.

Under the existing Development Agreement, the 25-unit rowhome phase of this project was to be limited to the six (6)-year declining tax abatement schedule. Seven (7) of the 25 units were inadvertently approved under the 10-year declining tax abatement schedule. Since the time that the original agreement was entered into, the Council also approved additional changes to the tax abatement programs with the approval of the Fourth Restated Urban Revitalization Plan on November 15, 2021, by Roll Call No. 21-1749.

The Office of Economic Development recommends approval for this Third Amendment to the Development Agreement to acknowledge and allow for the seven (7) units that received the 10-year declining tax abatement schedule as well as acknowledging the changes and impacts of the Fourth Restated Urban Revitalization Plan on the remainder of the development’s buildout.

FISCAL IMPACT:

Amount: Total property taxes collected on the seven (7) rowhome units that received the 10-year declining tax abatement schedule versus the six (6)-year declining tax abatement schedule results in a \$447,000 reduction in tax collections. Total property taxes expected to be collected on the remaining 40 rowhome units to be developed that will receive the eight (8)-year declining missing middle tax

abatement schedule versus the prior 10-year declining tax abatement schedule contemplated at the time of the agreement will result in an increase in property tax cash collections of approximately \$1.42 million, or an overall net increase of \$975,000 in property tax collections resulting from these tax abatement changes.

Funding Source: N/A - No changes to the previously approved financial terms on the economic development grant are proposed with this amendment.

ADDITIONAL INFORMATION:

- The Level Apartments are nearing completion and will be complete prior to the December 31, 2023, deadline in the current development Agreement.
- The Development Agreement requires that 25 rowhomes are constructed by January 1, 2025. Sixteen (16) of those rowhome units are complete and nine (9) are currently under construction. The Developer expects to have all 25 units completed by the end of this calendar year.
- There are 40 lots remaining within the Phase II development area for additional rowhome units that under the Fourth Restated Urban Revitalization Plan would be eligible for the eight (8)-year declining missing middle tax abatement schedule.

PREVIOUS COUNCIL ACTION(S):

Date: March 21, 2022

Roll Call Number: [22-0425](#)

Action: [Second](#) Amendment to the Urban Renewal Development Agreement with Bridge District Level, LLC, Bridge District II Townhomes, LLC and Bridge District II, LLC (Rick Tollakson, Kris Sadoris) for the new construction of a five (5)-story, 114-unit multi-family housing project and a 25-unit rowhome project located in the 300 block of Maple Street. ([Council Communication No. 22-138](#)) Moved by Boesen to adopt. Second by Gatto. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Urban Design Review Board

Date: January 21, 2020

Resolution Number: N/A

Action: Motion to recommend approval of the financial assistance as presented by Clark. Seconded by Hielkema. Motion carried. Yes = 6, No = 0, Abstain = 1, Absent = 1.

Motion to recommend approval of the final design as presented by Morgan-Huggins. Seconded by Clark. Motion carried. Yes = 6, No = 0, Abstain = 1, Absent = 1.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- Approval of Certificate of Completion when the project is finished.

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