


COUNCIL COMMUNICATION

	Number:	24-101	Meeting:	March 4, 2024
	Agenda Item:	34	Roll Call:	24-0343
	Submitted by:	Cody Christensen, Development Services Director		

AGENDA HEADING:

Resolution approving a First Amendment to the Urban Renewal Development Agreement with Lawmark, LP, for renovation of the Financial Center building located at 606 Walnut Street converting Floors 1 through 15.

SYNOPSIS:

On June 8, 2020, by Roll Call No. 20-0915, the Des Moines City Council approved an Urban Renewal Development Agreement with Lawmark, LP (Mark Buleziuk, 606 Walnut Street, Suite 1540, Des Moines, IA 50309), which included a partial building conversion from office to a full-service, upscale hotel on Floors 1 through 13. As financing and market conditions significantly evolved for the development of hotels during and post pandemic, the project proposal for the partial building conversion has also had to evolve, and now includes an office-to-housing conversion instead of the prior proposed hotel use on Floors 1 through 15 (two {2} additional floors being converted from what was previously proposed).

The purpose of this First Amendment is to extend the deadlines in the development agreement and substitute references of hotel use to multi-family housing. Proposed timeframes for the project have been revised to commence construction on or before September 30, 2024, and complete construction by April 30, 2026. This amendment is needed to meet the application deadline for historic tax credits. It is expected that future amendments will be necessary to update the financing structure and to amend the conceptual development plan to reflect the new proposal.

FISCAL IMPACT: NONE

ADDITIONAL INFORMATION:

- The 363,000-square-foot, 25-story building was originally constructed in 1972, is skywalk connected, and has historically been used primarily as commercial office space with ground level retail and commercial uses. Wells Fargo, a major tenant that formerly occupied the lower half of the Financial Center building, announced plans to not renew their lease in the Financial Center in 2019, leaving a large and difficult to fill void post pandemic.
- The building valuations peaked in 2007 with a building valuation of \$23.4M and has been steadily declining since. The assessment on the building for 2023/2024 is currently \$13.2M due to the existing vacancy in the lower half of the building.

- The historic tax credit application deadline has been moved up to March 18, 2024. This amendment is needed to bring the development agreement back into a current status so it can be included as part of the application for credits.
- The revised project includes approximately 190 housing units that includes a well-balanced mix of studios (30% of the unit mix), one (1)-bedroom units (35% of the unit mix), and two (2)-bedroom units (35% of the unit mix). City staff intends to negotiate for a portion of the incentivized housing units to be provided at more affordable rates and restricted to households earning 80% or less of the area-median-income and participation in the Des Moines Area Regional Transit (DART) Unlimited Access Partner program.
- Proposed amenity spaces for the project include ground floor commercial restaurant and café uses, additional opportunities for some micro commercial spaces along 7th Street, as well as lobby, mail, and bike storage areas. Floor 2 includes a business center. Floor 3 includes a fitness center, clubroom, rooftop deck and pool amenities. Floor 4 includes space for a dog park.

PREVIOUS COUNCIL ACTION(S):

Date: June 8, 2020

Roll Call Number: [20-0915](#)

Action: [Final](#) terms of an Urban Renewal Development Agreement with Lawmark, LP for renovation of the Financial Center Building at 207 7th Street and converting Floors 1-13 to a full service, 190-room hotel. ([Council Communication No. 20-245](#)) Moved by Gatto to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Urban Design Review Board

Date: June 2, 2020

Resolution Number: N/A

Action: Motion to recommend approval of the financial assistance as presented by Clark. Seconded by Huggins. Motion carried. Yes = 7, No = 0, Abstain = 1, Absent = 1. Motion to recommend approval of the project design as presented by Hielkema. Seconded by Clark. Yes = 8, No = 0, Abstain = 1, Absent = 0.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- Review and Approval of updated Conceptual Development Plan.
- Future amendment to incorporate updated Conceptual Development Plan and any additional revisions negotiated.

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