


COUNCIL COMMUNICATION

 CITY OF DES MOINES OFFICE OF THE CITY MANAGER	Number:	25-030	Meeting:	January 27, 2025
	Agenda Item:	33	Roll Call:	25-0126
	Submitted by:	Cody Christensen, Development Services Director		

AGENDA HEADING:

Resolution approving a Second Amendment to the Urban Renewal Development Agreement with Lawmark, LP, for the renovation of the Financial Center building located at 606 and 666 Walnut Street.

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, 666 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 have significantly evolved for the development of hotels during and post pandemic, the project proposal for the partial building conversion has also had to evolve, which now includes an office-to-housing conversion instead on Floors 1 through 15.

This Urban Renewal Development Agreement was amended on March 4, 2024, by Roll Call No. 24-0343 to extend deadlines and substitute references of hotel use to multi-family housing.

The purpose of this Second Amendment is to:

- update the legal description of the project area to include 606 and 666 Walnut Street;
- update the project description to reflect a mixed-use residential building containing no less than 200 housing units with at least 10% restricted as affordable at or below the 65% HOME rent limits and restricted to households earning 80% or less of the area median income and associated reporting requirements, a café, lobby, mail, bike storage, commercial area, clubroom, fitness center, rooftop deck, pool amenities, updates to the sublevel parking area to include bicycle parking and dog wash amenities, and a minimum of two (2) Level-2 electric vehicle charging stations located on site;
- revise timelines for commencement of construction to March 31, 2025, and completion of construction by December 31, 2026;
- include a requirement for the Developer to participate in the Des Moines Area Regional Transit Authority (DART) Unlimited Access Program;
- include a requirement for the Developer to construct and exclusively utilize electric heating units for the residential portions of building;

- extend the duration of the Agreement to reflect the updated term of the economic development grant; and
- updates to the economic development grant terms to reflect the schedule identified in the Fiscal Impact section of this council communication.

FISCAL IMPACT:

Amount: The proposed updated terms provide for a declining schedule of the project generated tax increment from the taxable building valuations (exclusive of land) in Years 1 through 20, starting at 95% in Years 1 through 10, 85% in Years 11 through 15, and 70% in Years 16 through 20, capped at a maximum of \$10 million (net present value {NPV} at a 4.5% discount rate). The assistance is estimated at 13% 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	\$ 5,851,944	\$15,838,802	\$ 8,243,840	\$ 7,594,962
Sum 20 Years	\$13,094,694	\$35,067,301	\$15,872,390	\$19,194,911
Sum 30 Years	\$21,922,504	\$58,347,049	\$15,872,390	\$42,474,659

*Taxes include all property taxing authorities (not just City property tax dollars).

*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:
 \$50,120,960 total building assessment (commercial and residential)
 \$3,530,000 total land assessment (commercial and residential)

Funding Source: Tax Increment from the Metro Center Urban Renewal Area

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.
- The property has been designated as a local Landmark by the Landmark Review Board.
- The project has been awarded State and Federal Historic Tax Credits, and all work will be undertaken following the Secretary of the Interior’s Standards and Guidelines for Historic Rehabilitation.
- The Developer will comply with MidAmerican Energy’s Commercial New Construction program and the project will exceed applicable energy code requirements by 20-25%.
- As part of the project scope, the rooftop amenity space on the third floor of the building will feature green roof elements to assist with reducing storm water load.

PREVIOUS COUNCIL ACTION(S):

Date: March 4, 2024

Roll Call Number: [24-0343](#)

Action: [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. ([Council Communication No. 24-101](#)) Moved by Gatto to adopt. Second by Voss. Motion Carried 6-0.

BOARD/COMMISSION ACTION(S):

Board: Urban Design Review Board

Date: January 7, 2025

Resolution Number: N/A

Action: Motion to recommend approval of the final design as presented by Clark. Seconded by Ward. Motion carried. Yes = 9, No = 0, Abstain = 1, Absent = 1.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- City Council – Amendment to Urban Renewal Plan
- City Council – Issuance of Certificate of Completion

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.