


COUNCIL COMMUNICATION

	Number:	25-194	Meeting:	May 19, 2025
	Agenda Item:	27	Roll Call:	25-0752
	Submitted by:	Cody Christensen, Development Services Director		

AGENDA HEADING:

Resolution Approving Final Terms of an Urban Renewal Development Agreement with Highland Park Flats LLC for the construction of a 12-unit apartment building located at 3608-3610 5th Avenue.

SYNOPSIS:

Highland Park Flats LLC (Jake Sparks, Partner; 1924 Fuller Avenue, West Des Moines, IA 50265) has proposed the construction of a 12-unit apartment building at 3608-3610 5th Avenue. Total project cost is estimated at \$2,635,000, with construction anticipated to begin in the summer of 2025 with completion expected in fall of 2026.

The Office of Economic Development has negotiated final terms of an urban renewal development agreement with Highland Park Flats LLC, which provides for tax increment to serve as a core mechanism for responding to a financing gap, as presented by the development team. Additional details on the final terms are provided in the fiscal impact section below.

FISCAL IMPACT:

Amount: The financial terms propose a capped tax increment financing (TIF) maximum incentive of \$252,608 in project-generated tax increment on a net-present-value basis (NPV) (at a 4.5% discount rate) based on the following schedule: 95% in years one (1) through five (5), 85% in years six (6) through 10, 80% in years 11-15, 70% in year 16. The TIF is estimated to comprise 9.5% of the total project financing.

The current assessed value of the existing property is \$78,600. Upon completion of the project, the total assessed value of the property, including building and land is estimated at \$1,600,000.

Year	Estimated Taxes Received Without Project*	Estimated Taxes Received With Project*	Incentive Paid	Estimated Net Taxes Received
Sum 10 Years	\$16,972	\$ 343,565	\$237,305	\$106,260
Sum 20 Years	\$37,658	\$ 759,981	\$382,579	\$377,402
Sum 30 Years	\$62,872	\$1,240,268	\$382,579	\$857,689

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

Funding Source: Tax Increment generated by the project in the Oak Park Highland Park Urban Renewal Area.

ADDITIONAL INFORMATION:

- The \$2.6 Million project is located on a vacant lot that was previously an abandoned housing structure. The Developer is planning all-electric appliances and Heating, Ventilation, and Air Conditioning (HVAC) units.
- The Developer will also participate in MidAmerican Energy's Commercial New Construction energy efficiency program.
- Developer must reserve at least 10% of the Property's units as affordable units (two {2} units) for persons earning up to 80% Area Median Income (AMI).
- Developer shall participate in the Des Moines Area Regional Transit (DART) Authority Unlimited Access Program to provide free use of DART buses to employees of Developer and/or tenants of the Improvements for the duration of this Agreement.

PREVIOUS COUNCIL ACTION(S):

Date: November 18, 2024

Roll Call Number: [24-1575](#)

Action: [Preliminary](#) terms of an Urban Renewal Development Agreement with Highland Park Flats LLC for the construction of a 12-unit apartment building located at 3608-3610 5th Avenue. ([Council Communication No. 24-468](#)) Moved by Gatto to adopt. Second by Voss. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Urban Design Review Board

Date: April 15, 2025

Resolution Number: N/A

Action: Motion to recommend approval of the final design as presented by Burnham. Seconded by Hielkema. Motion carried. Yes = 5, No = 0, Abstain = 1, Absent = 5.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- City Council – Certificate of Completion

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