


COUNCIL COMMUNICATION

	Number:	26-186	Meeting:	May 18, 2026
	Agenda Item:	25	Roll Call:	26-0620
	Submitted by:	Carrie Kruse, Economic Development Administrator		

AGENDA HEADING:

Resolution Approving the Environmental Covenant Pursuant to the Environmental Remediation Agreement between the Market District Apartments, LP and the City of Des Moines.

SYNOPSIS:

This action authorizes the Mayor to sign the Environmental Covenant for the purpose of subordinating the City's interests in the real property at 509 Southeast 6th Street to the Environmental Covenant between the Developer and the Iowa Department of Natural Resources (DNR) subjecting the property to certain activity and use limitations in accordance with the terms and conditions specified within the Covenant. The subject property is one of several parcels that have been assembled for the Foundry Lofts multi-residential project at 509 Southeast 6th Street.

The City Council approved an Environmental Remediation Agreement with Market District Apartments, LP by Roll Call Number 26-0500 on April 20, 2026, obligating the developer to complete environmental remediation and requiring their purchase of a performance bond to ensure completion of said activities. This environmental covenant with the Iowa DNR is a piece of environmental remediation the City required Developer to undertake in exchange for the City removing environmental covenants prohibiting residential development on this site when the City transferred the property in approximately 2012. The City is signing this solely in order to subordinate the City's interests in the property (Urban Renewal Development Agreement, Mortgage, Restrictive Covenants) to the environmental covenant. Staff believes subordination is appropriate in this case because the City required environmental remediation and the project which the City's interests are based on cannot happen without the environmental remediation and these DNR-required restrictions.

FISCAL IMPACT: NONE

ADDITIONAL INFORMATION:

- Market District Apartments, LP is proposing the construction of Foundry Lofts, a four (4)-story, 46-unit apartment building at 509 Southeast 6th Street, on a 1.04-acre infill site.
- The restrictive covenant recently released by the City did not allow residential use without the completion of approved mitigation activities. This covenant with the DNR is a necessary component of those mitigation activities.

- Construction is anticipated to begin in the spring of 2026, with project completion anticipated in late 2027. The project was granted an award from the Iowa Finance Authority's Low-Income Housing Tax Credit (LIHTC) Program in 2025.

PREVIOUS COUNCIL ACTION(S):

Date: April 20, 2026

Roll Call Number: [26-0500](#)

Action: [Amended](#) and Restated Urban Renewal Development Agreement and Environmental Mitigation Agreement with Market District Apartments, LP. (Council Communication No. [26-153](#) and [26-156](#)) Moved by Voss to approve. Second by Barron. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Urban Design Review Board

Date: February 2, 2026

Resolution Number: NA

Action: Motion by Burnham to approval the final design. Motion was seconded by Hielkema. Yes – 9; No – 0; Abstain – 0; Absent – 2.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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