



Date January 14, 2019

RESOLUTION HOLDING HEARING AND APPROVING URBAN RENEWAL DEVELOPMENT AGREEMENT WITH MARKET DISTRICT ONE, LLC TO PURCHASE AND DEVELOP CITY-OWNED PROPERTY AT 401 SE 6TH STREET AND 400 SE 7TH STREET IN THE METRO CENTER URBAN RENEWAL AREA, AND APPROVING CONCEPTUAL DEVELOPMENT PLAN

WHEREAS, on March 20, 2000, by Roll Call Nos. 00-788 and 00-789, the City Council of the City of Des Moines approved the Urban Renewal Plan for the Metro Center Urban Renewal Project, and such Plan has been amended 23 times (the urban renewal plan as so amended is herein referred to as the “Plan”), encompassing an irregularly shaped area that includes the downtown core and the areas surrounding the downtown core; and

WHEREAS, City staff and Market District One, LLC, represented by Frank Levy, Partner (“Developer”), have negotiated terms relating to the sale of City-owned property located at the intersections of SE 6th Street and East Martin Luther King Jr. Parkway, locally known as 401 SE 6th Street and 400 SE 7th Street (collectively “Property”) and located in the Market District, for development of a 4-story, estimated 57-unit multi-family residential building for senior (55+ year old) housing, including – as updated from the approximate numbers stated in Roll Call No. 18-2031 of December 10, 2018 – approximately 6 dwelling units for residents meeting 80% of area median income, 36 dwelling units for residents meeting 60% of area median income, 9 units for residents meeting 40% of area median income and 6 units for residents meeting 30% of area median income, and an estimated 49 on-site parking spaces for residents (collectively “Improvements”); and

WHEREAS, the Developer and City staff have negotiated an Urban Renewal Development Agreement (“Development Agreement”) for Developer to purchase and develop the Property, which Development Agreement is in substantially the form on file in the office of the City Clerk; and

WHEREAS, the Development Agreement, as received by the City Council on December 10, 2018, by Roll Call No. 18-2031, proposes development of the Property and financial incentives as follows:

1. Purchase from the City and development of the Property, consisting of approximately 45,067 square feet of land and legally described below, for the above-described residential housing project.
2. Initial Economic Development Grant in the amount of \$125,000.00, to be paid within 30 calendar days of the date of issuance of the Certificate of Completion for the Improvements.
3. Supplemental Economic Development Grant to be paid in 10 semi-annual installments, providing a declining percentage of project generated tax increment (TIF) funding starting at 70 percent in the first year of grant payments and declining to 35 percent in the fifth year of grant payments, in the estimated total amount of \$228,000.00.
4. Economic Development Forgivable Loan in the amount not to exceed \$105,395.00, advanced at the time of closing on Developer’s purchase of the Property and equaling the amount of alley and Raccoon Street and SE 7th Street right-of-way to be incorporated into the Property, which loan shall be forgiven if Developer constructs the required Improvements and qualifies for issuance of the Certificate of Completion.

WHEREAS, said Development Agreement provides that the Developer will purchase the Property for the Purchase Price of \$833,740.00, subject to closing credit, if applicable, in the amount of the lowest of three bids estimating the cost of environmental remediation on the Property required by the Iowa Department of Natural Resources (IDNR), or



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other state or federal regulations, to be incurred by Developer and not to exceed \$200,000.00 regardless of bid amount; and

WHEREAS, on December 10, 2018, by Roll Call No. 18-2031, the City Council accepted the Developer’s proposal and the proposed form of Urban Renewal Development Agreement for the Improvements, and exhibits thereto including Special Warranty Deed, mortgage, promissory note and Declaration of Covenants (all collectively “Development Agreement”), in the Metro Center Urban Renewal Area, and established the public gains and benefits pursuant to the Urban Renewal Law and Chapter 15A of the Code of Iowa as well as the objectives of the Plan that are met by the proposed Project, and set a date for a hearing on the Agreement, including the conveyance of the Property to Developer; and

WHEREAS, by Roll Call No. 18-2031, the City Council set January 4, 2019 at 5:00 p.m. for the deadline for other parties to submit competing proposals to redevelop the Property and directed that published notice be given of the urban renewal competitive bid process and the City’s intention to accept Market District One, LLC’s proposal in the absence of timely submission of competing proposals, and no competing proposals have been submitted; and

WHEREAS, Roll Call No. 18-2031 further provides that in the event that no qualified competing proposals are received, the City Council intends to approve the sale of the Property to Market District One, LLC and to authorize execution of the Development Agreement following public hearing on January 14, 2019.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Des Moines, Iowa, that:

1. Upon due consideration of the facts, and any and all statements of interested persons and arguments of counsel, any objections to the proposed Development Agreement are hereby overruled, and the hearing is closed.
2. The Development Agreement, as on file in the office of the City Clerk, is hereby approved; the Mayor is authorized and directed to execute the Agreement on behalf of the City of Des Moines and the City Clerk to attest to his signature; and the City Manager or his designee(s) are authorized and directed to monitor compliance by the Developer with said Agreement.
3. The Conceptual Development Plan, which is Exhibit “C” to the Development Agreement, is hereby approved.
4. The sale of the Property, legally described as follows, to Market District One, LLC for the purchase price listed below, subject to closing credit related to the cost of environmental remediation on the Property as described above and in the Development Agreement, is hereby approved in accordance with the terms of said Agreement; the Mayor is authorized and directed to execute all necessary closing documents and Special Warranty Deed conveying the Property on behalf of the City upon the satisfaction of all conditions to closing contained in said Agreement; and the City Manager or his designee(s) are authorized and directed to proceed to closing on the conveyance in accordance with said Agreement:

PARCEL 2016-55 DESCRIPTION (PLAT OF SURVEY, POLK COUNTY RECORDER BOOK [to be determined], PAGE [to be determined]):

LOTS 1, 9, AND 10, A PORTION OF LOT 2, THE VACATED NORTH - SOUTH ALLEY WEST OF AND ADJACENT TO SAID LOTS 9 AND 10, ALL IN BLOCK 42, TOWN OF DE MOINE , AN OFFICIAL PLAT, DES MOINES, POLK COUNTY, IOWA; VACATED EAST ML KING JR PARKWAY SOUTH OF AND ADJOINING SAID LOTS 2 AND 9 AND THE INTERVENING ALLEY; VACATED RACCOON STREET NORTH OF AND ADJOINING SAID LOTS 1 AND 10 AND INTERVENING ALLEY; VACATED SE 7TH STREET



Roll Call Number

Agenda Item Number

49

Date January 14, 2019

BETWEEN RACCOON STREET AND EAST MARTIN LUTHER KING JR PARKWAY, ALL MORE PARTICULARLY DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF LOT 1 IN BLOCK 42 OF SAID TOWN OF DE MOINE; THENCE N30°00'30"E, A DISTANCE OF 8.51 FEET; THENCE N74°57'52"E, A DISTANCE OF 321.96 FEET; THENCE S14°53'27"E, A DISTANCE OF 139.84 FEET; THENCE S74°57'52"W, A DISTANCE OF 277.81 FEET; THENCE NORTHWESTERLY ALONG A 77.50 FOOT RADIUS CURVE CONCAVE SOUTHWESTERLY, A DISTANCE OF 56.76 FEET, SAID CURVE HAVING A CHORD BEARING OF N79°48'35"W AND A CHORD DISTANCE OF 55.50 FEET TO THE WEST LINE OF LOT 2 IN BLOCK 42 OF SAID TOWN OF DE MOINE; THENCE N14°49'54"W ALONG THE WEST LINE OF LOTS 2 AND 1 IN BLOCK 42 OF SAID TOWN OF DE MOINE, A DISTANCE OF 110.18 FEET TO THE POINT OF BEGINNING. SAID TRACT OF LAND CONTAINS 1.035 ACRES (45,067 SQUARE FEET).

(Council Comm. No. 19-005)

MOVED BY _____ to adopt.

FORM APPROVED:

Glenna K. Frank, Assistant City Attorney

Table with 5 columns: COUNCIL ACTION, YEAS, NAYS, PASS, ABSENT. Rows include COWNIE, BOESEN, COLEMAN, GATTO, GRAY, MANDELBAUM, WESTERGAARD, and TOTAL.

MOTION CARRIED

APPROVED

Mayor

CERTIFICATE

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

City Clerk