



Date January 14, 2019

RESOLUTION CLOSING HEARING ON THE PROPOSED DRAKE URBAN RENEWAL PLAN, RECEIVING AND FILING THE DETERMINATION OF THE DES MOINES PLAN AND ZONING COMMISSION AND ADOPTING THE URBAN RENEWAL PLAN.

WHEREAS, the proposed Drake Urban Renewal Area consists of approximately 10.2 acres and is generally located south of University Avenue, across from Drake University, between 27th Street and the half-block east of 26th Street, and includes the right-of-way along University Avenue, between 23rd and 34th Streets, as shown in Exhibit B, Appendix A; and,

WHEREAS, the Planning Administrator reports that the Drake Urban Renewal Area is an economic development area appropriate for redevelopment for hotel/mixed use for the reasons set forth in the report accompanying the Drake Urban Renewal Plan; and,

WHEREAS, the City Manager has prepared an urban renewal plan for such urban renewal area which is titled Drake Urban Renewal Plan (the "Urban Renewal Plan"), which is on file and available for public inspection in the office of the City Clerk and attached as Exhibit B; and,

WHEREAS, the Urban Renewal Plan seeks to enhance private development within the proposed Drake Urban Renewal Area through provision of economic development assistance that will be provided in part with tax increment financing revenues to be generated in the urban renewal area; and,

WHEREAS, on December 3, 2018, by Roll Call No. 18-1991, the City Council resolved that a public hearing on the proposed Urban Renewal Plan be held on January 14, 2019; and,

WHEREAS, the Urban Design Review Board reviewed the proposed Urban Renewal Plan at its meeting on December 11, 2018 and a consensus of the members of Board recommended approval; and,

WHEREAS, the City Plan and Zoning Commission reviewed the proposed Plan for conformity with the adopted comprehensive plan for the development of the City as a whole, being PlanDSM: Creating Our Tomorrow Plan, at its meeting on December 20, 2018, and found the proposed Plan in conformity with the comprehensive plan by a vote of 8-0; and,

WHEREAS, notice of this public hearing in the form attached hereto as Exhibit "A" was published in the Des Moines Register on December 28, 2018, which notice sets forth the information required by Section 403.5(3) of the Iowa Code; and,

WHEREAS, notice was given by ordinary mail to the Des Moines Independent Community School District, Des Moines Area Community College, and Polk County of a consultation meeting



Roll Call Number

Agenda Item Number

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Date January 14, 2019

in the OED Conference Room, at the City Administrative Building, at 2:00 p.m. on December 19, 2019; and,

WHEREAS, the City has received no requests from the Des Moines Independent Community School District, Des Moines Area Community College, or Polk County for any modification to the division of revenue from the tax increment proposed by the Urban Renewal Plan; and,

WHEREAS, the Drake Urban Renewal Area does not contain any property assessed as agricultural property; and,

WHEREAS, the public hearing has now been opened and all persons and organizations desiring to be heard regarding the Urban Renewal Plan have been given the opportunity to be heard.

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

1. The public hearing on the proposed Drake Urban Renewal Plan is hereby closed.
2. The Plan and Zoning Commission determination that the Drake Urban Renewal Plan is in conformance with the PlanDSM: Creating our Tomorrow Plan on December 20, 2019, which passed by a vote of 8-0, is hereby received and filed.
3. Upon consideration of the recommendation of the Plan and Zoning Commission and the recommendations and statements from all other interested parties and organizations, the City Council hereby makes the following findings:
 - a) The Urban Renewal Plan conforms to Plan DSM: Creating Our Tomorrow Plan, for the development of the City as a whole.
 - b) The Urban Renewal Plan does not provide for the involuntary acquisition of any land by the City, and does not identify any land planned for acquisition.
4. The Urban Renewal Plan for the Drake Urban Renewal Area is hereby approved and adopted, and shall hereafter be in full force and effect.
5. The City Clerk is hereby authorized and directed to file a certified copy of the Urban Renewal Plan and of this Resolution in the office of the Polk County Recorder.



Roll Call Number

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Date January 14, 2019

(Council Communication No. 19- 006)

MOVED by _____ to adopt.

FORM APPROVED:

Thomas G. Fisher Jr.

Thomas G. Fisher Jr.
Assistant City Attorney

Attachments:

- Exhibit A - Notice of Hearing
- Exhibit B - Urban Renewal Plan

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
BOESEN				
COLEMAN				
GATTO				
GRAY				
MANDELBAUM				
WESTERGAARD				
TOTAL				
MOTION CARRIED			APPROVED	

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.

Mayor

City Clerk

DEC - 3 2018

18-1991
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Exhibit A

Register Order No. 10584

Roll Call

Legal

Bulletin Board

Follow up

NOTICE OF PUBLIC HEARING

The City Council of the City of Des Moines, Iowa, will hold a public hearing on January 14, 2019, in the City Council Chambers, City Hall, 400 Robert D. Ray Drive, Des Moines, Iowa, to consider the proposed Drake Urban Renewal Plan. The proposed Drake Urban Renewal Area consists of approximately 10.2 acres and is generally located south of University Avenue, across from Drake University, between 27th Street and the half-block east of 26th Street, and also includes the right-of-way along University Avenue, between 23rd and 34th Streets.

A copy of the proposed Plan is on file and available for public inspection in the office of the City Clerk. The purpose of the proposed Plan is to guide the development of the Urban Renewal Area and to activate new economic investment leading to increased taxable valuation.

Any person or organization desiring to be heard, for or against the proposed urban renewal plan will be afforded an opportunity to be heard at such hearing. Any person or organization desiring to submit written material regarding this issue may cause such material to be delivered to the City Clerk's Office at City Hall, 400 Robert D. Ray Drive, Des Moines, Iowa 50309 prior to 3:00 p.m. on January 14, 2019.

CITY OF DES MOINES, IOWA

T.M. Franklin Cownie, Mayor

Published in the Des Moines Register on December 28, 2018.

Prepared by: Naomi Hamlett, 400 Robert D. Ray Drive, Des Moines, IA 50309 Phone: 515-283-4004
Return Address: City Clerk – City Hall, 400 Robert D. Ray Drive, Des Moines, IA 50309
Taxpayer: No change
Title of Document: Drake Urban Renewal Plan
Grantor/Grantee: City of Des Moines, Iowa
Legal Description: See Exhibit "A" at page 9, below

DRAKE URBAN RENEWAL PLAN

City of Des Moines, Iowa

Urban Design Review Board Action:	12/11/2018
Taxing Entities Consultation:	12/19/2018
Plan and Zoning Commission Action:	12/20/2018
City Council Approval:	1/14/2019

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I. INTRODUCTION

A. General Description of the Drake Urban Renewal Area

The general location and boundary of the Drake Urban Renewal Area is shown on *Map 1 – Existing Land Use*.

This Urban Renewal Area consists of approximately 10.2 acres and is generally located south of University Avenue, across from Drake University, between 27th Street and the half-block east of 26th Street, and also includes the right-of-way along University Avenue, between 23rd and 34th Streets.

The Urban Renewal Area is more specifically described in the accompanying *Appendix A – Legal Description*.

B. Purpose of the Urban Renewal Plan

The purpose of the Drake Urban Renewal Plan is to guide the development of the Urban Renewal Area and to activate new economic investment leading to increased taxable valuation. The City of Des Moines believes that the designation of the Urban Renewal Area and the adoption of this Plan will strengthen and revitalize the local economy through:

1. Guidance of the development of the Urban Renewal Area in a manner that is consistent with the Comprehensive Plan, and that provides for the physical and economic enhancement of the area.
2. Creation of financial incentives as necessary to encourage new businesses to invest in the Urban Renewal Area.
3. Creation of quality permanent employment opportunities for residents.
4. Expansion of the property tax base of the Urban Renewal Area, and subsequently contributing to the economic betterment of the full City of Des Moines.
5. Creation of additional vitality to the area for students, residents, and visitors through redevelopment of existing properties.

C. Authority to Adopt and Implement an Urban Renewal Plan

The State of Iowa has provided Iowa cities with the power to adopt and implement urban renewal plans through Chapter 403, Urban Renewal Law, Code of Iowa. If a slum, blighted or economic development area or combination of the three, as defined in Section 403.17, Code of Iowa, exists within the municipality, the municipality may designate such an area for urban renewal through the process provided for in Chapter 403. After a comprehensive plan for the municipality has been adopted, the municipality may prepare, adopt and implement an urban renewal plan for the purpose of rehabilitation, conservation, development, redevelopment, or a combination thereof, of a designated urban renewal project area to promote the public health, safety or welfare of the residents of this municipality

For the reasons set forth below the proposed Drake Urban Renewal Area qualifies for designation as an urban renewal area on the basis that the Area is an economic development area.

II. BACKGROUND INFORMATION

A. General Information

Clusters of the earliest suburban development in the metro area began in what is now known as the Drake Neighborhood in the 1870's. The suburb, University Place was incorporated in 1883, and then shortly after – in 1890 – was annexed by the City of Des Moines. The founding of Drake University in 1881 sent into motion the development patterns that have continued and endured since.

General Francis Marion Drake, a Civic War hero and wealthy railroad owner who would go on to serve a term as governor of Iowa is the namesake of the University. He and other university backers purchased 140 acres of land and embarked on an ambitious funding plan for campus buildings that involved selling lots through the University Land Company. The land company carefully and purposefully laid out an attractive community with spacious lots, wide streets, alleys, and parkland – all centered around the 5-acre Drake University. For each lot that sold, 25% of the price was donated to the University. Lot buyers were encouraged to build houses as soon as possible so that students attending the university would have a place to stay. The university did not have on-campus dormitories for its first 50 years, and instead relied on homeowners to board students.

After World War II, when Drake University enrollment spiked thanks to the GI Bill, the university eagerly repurchased land it had originally sold in order to expand. Some homeowners around the campus converted their houses into apartment as the financial incentives rose.

Over the past twenty years, the neighborhood organizations, City of Des Moines and Polk County have taken steps toward improving the physical and social conditions in and around the Drake Urban Renewal Area. There have been two previous urban renewal plans within this general area with similar names. The “Drake/M. L. King Parkway Urban Renewal Project Plan” was adopted by City Council on April 28, 1997 by Roll Call No. 97-1536. That first plan was terminated concurrently with the designation of the “Drake Urban Renewal Plan,” which was adopted by City Council on October 24, 2005 by Roll Call No. 05-2584. That second Plan expired on January 1, 2016.

B. Existing Land Use

The Drake Urban Renewal Area includes commercial, multi-family, residential and public/semi-public uses. These uses are shown in *Map 1 – Existing Land Use*

C. Conformance with the City's Comprehensive Land Use Plan

A prerequisite for an urban renewal plan is a comprehensive land use plan for the municipality. All goals and objectives of the Drake Urban Renewal Plan are in conformance with the City's Comprehensive Plan, *Plan DSM*, which was adopted by the City Council on April 25, 2016, by Roll Call No. 16-0717.

Plan DSM shows the land outside the street rights-of-way designated as Neighborhood Mixed Use and Low-Medium Density Residential. There is one 6,144 square foot lot designated as Low-Medium Density Residential. Depending on the type of development that eventually occurs on this lot, a Land Use amendment may be required. *Map 2-Plan DSM Land Use Map* further details the proposed land uses for this general area.

D. Conformance with the City's Zoning Requirements

The Plan Area (exclusive of the street rights-of-way) is zoned as "NPC" Neighborhood Pedestrian Commercial and "R1-60" One-Family Low-Density Residential as shown on *Map 3 - Existing Zoning*.

Four lots within the Plan Area, totaling approximately .5 acres are zoned as "R1-60," and may need to be rezoned depending on the proposed development. Due to the design of the development project listed in Appendix D, which will utilize two of the "R1-60" parcels as extending parking lot, the parcels will not need to be rezoned to the "NPC" Neighborhood Pedestrian Commercial" District.

Possible additional amendments to the Zoning Ordinance may be identified through the ongoing planning process for the implementation of this Plan.

E. Recognized Neighborhood Organizations

The Drake Urban Renewal Area is part of the Drake Neighborhood, which is represented by the Drake Neighborhood Association, Inc. It is designated as a "Recognized Neighborhood" by the City Council as having met the specified minimum standards of a neighborhood organization and communicates regularly with the City of Des Moines.

III. URBAN RENEWAL PLAN ELEMENTS

A. Plan Goals and Objectives

The primary goal for the Drake Renewal Plan is to facilitate redevelopment in order to activate new economic investment leading to increased tax base, creation of jobs, and to provide additional vitality to the area for students, residents, and visitors.

Objectives for the plan include:

- Encourage and facilitate high quality redevelopment of commercial and multi-family uses and the associated employment opportunities within the Plan Area.
- Increase the retail and commercial offerings in the Area for students, faculty, and neighbors to help facilitate year-round activism of the Drake neighborhood and campus.
- Coordination of resources to attract quality economic development investment.

- Encourage the incorporation of long-term sustainability into site development and building construction, particularly the efficient use of energy in heating, ventilation and cooling system design.
- Ensure new development is of high quality, sustainable and provides adequate parking and pedestrian connections and access.

B. Public Purpose Activities to be Undertaken

To meet the objectives of this Plan, the City of Des Moines will support development and redevelopment of the Drake Urban Renewal Area through, among other things, the following public purpose activities:

1. Provision of technical support in furtherance of this Plan;
2. Evaluation of properties' potential for development and redevelopment purposes, including but not limited to activities such as appraisals and architectural, engineering and environmental studies;
3. Improvement, installation, construction and reconstruction of streets, utilities, and other public improvements and rights-of-way;
4. Enforcement of applicable local, state and federal laws, codes and regulations; and
5. Use of tax increment financing, loans, grants and other appropriate financial tools in support of eligible public and private development and redevelopment efforts.

All public purpose activities shall be conditioned upon and shall meet the restrictions and limitations placed upon the Area by this Plan.

C. Land and Development Requirements

The physical development of the Area will be regulated through the standards and guidelines contained within the City of Des Moines' Zoning Ordinance, the Des Moines Site Plan Regulations, and other applicable local, state and federal codes and ordinances. In addition, all projects requesting financial assistance through tax increment financing must conform to Plan DSM, and undergo review by the Urban Design Review Board.

The criteria to be used by the Board for making recommendations on design shall include but are not limited to:

- Scale, proportion, color, articulation, massing, patterning, setbacks and exterior materials. Permanence and quality of materials and site design, as well as details that add character and define depth are desired.
- How the project promotes an attractive and appealing physical environment.
- Encourage the incorporation of long term sustainability into site development and building construction, particularly the efficient use of materials and energy in heating, ventilation and cooling system design.

- Encourage the use of low impact development and on-site stormwater management best practices in the Area, and coordinate the evaluation and assessment of natural resources proactively.

D. Financial Condition Report

The urban renewal area will be concurrently designated as a tax increment district. A financial condition report is included as *Appendix C-Financial Condition Report*. Property tax revenues anticipated to result from creation of the district would be available to service any indebtedness incurred in financing actions pursuant to this Plan

IV. URBAN RENEWAL PLAN IMPLEMENTATION

The City of Des Moines will take necessary action to achieve the goals and objectives of the Drake Urban Renewal Plan. This will include involvement in the following activities:

A. Continued Planning Efforts

The City shall continue to evaluate the needs of the Area, identifying issues and coordinating a response to these issues. A comprehensive approach will be taken to gathering input from landowners, neighborhoods, businesses and development interests.

B. Technical Assistance

The City may provide technical assistance to landowners and prospective developers where appropriate. The City will work to coordinate efforts related to development proposals, ongoing planning, coordination with other agencies and levels of government, and other activities that will assist with meeting the objectives of this Plan.

C. Funding and Financing: Economic Development Assistance

The City will pursue funding sources required to meet the objectives of this Plan. Sources may include, but are not limited to, loans, grants, general fund expenditures, tax increment financing, special assessments, bond issuance, and participation in state/federal programs.

More specifically, the use of tax increment financing and the review steps and requirements for proposed economic development assistance are specified as follows:

1. Tax Increment Financing. The City believes that the use of tax increment revenues to assist in the financing of new development or redevelopment in the Drake Urban Renewal Area is necessary in the public interest to achieve the objectives of this Plan. Without the use of this special financing tool, new investment may not otherwise occur or may occur within other jurisdictions. The use of tax increment financing to spur the development of the Area pursuant to this Plan is expected to provide greater future property tax revenues for the City, Polk County and Des Moines Independent School District, that would otherwise be available if this Plan were not implemented.
2. Tax increment financing will be used where it is anticipated to provide a long-term payback in overall increased tax base for the City, County and School District. The initial public investment required to generate new private investment is anticipated to ultimately increase the taxable value of the Area beyond its existing base value.

Tax increment reimbursement may be sought for, among other things, the following costs to the extent they are incurred by the City:

- a. Planning and administration of this Plan;
- b. Construction of public infrastructure improvements and facilities within the Area;
- c. Acquisition, installation, maintenance and replacement of public investments throughout the Area;
- d. Loans or grants to qualified businesses for redevelopment of property within the Drake Urban Renewal Area in conformance with this Plan.

D. Responsibility of Developer

In 2016, Drake University issued an RFP for the purchase and redevelopment of approximately 2.5 acres of University-owned property. They invited a pre-determined group of eleven Iowa firms to respond to their request; Nelson Development was awarded the right to purchase and develop the property. Nelson Development has purchased the property from Drake and intends to redevelop the existing buildings and parking lots into commercial and residential projects. The City will work with Nelson Development and its designee to implement this Plan. The City expects to provide financial incentives for these development projects consisting of an economic development grant payable in installments equal to a percentage of the incremental tax revenues generated by the project, as more specifically shown in the Financial Conditions report. The City reserves the ability to negotiate what will be in the best interest of the community and in furtherance of this Plan, while working with Nelson Development or its designee to facilitate the project.

V. DURATION OF URBAN RENEWAL PLAN

The Plan for the Drake Urban Renewal Area shall expire twenty years from the calendar year following the calendar year in which the City first certifies to the county auditor the amount of any loans, advances, indebtedness, or bonds which qualify for payment from the division of revenue provided in Iowa Code section 403.19.

VI. SEVERABILITY

In the event one or more provisions contained in this Urban Renewal Plan shall be held for any reason to be invalid, illegal, unauthorized or unenforceable in any respect, such invalidity, illegality, lack of authorization, or unenforceability shall not affect any other provision of this Plan and this Plan shall be construed and implemented as if such provision had never been contained herein.

VII. AMENDMENT OF URBAN RENEWAL PLAN

The City of Des Moines may amend this Plan from time to time in accordance with applicable state and local law. The amendments may include additional objectives, revised land use regulations, revised boundaries, and/or property to be acquired and disposed of for redevelopment.

The City Council shall request public input from, but not limited to designated neighborhood group(s) and City appointed committees as appropriate upon any proposed amendment to this Plan.

Appendix "A"

Legal Description - Drake Urban Renewal Area

Beginning at the intersection of the South right of way line of University Avenue and the East right of way line of the North/South alley in Drake University's 2nd Addition to the City of Des Moines, an Official Plat; Thence South along said East right of way line to the Easterly extension of the South line of Lot 38 of said Drake University's 2nd Addition to the City of Des Moines; Thence Westerly along said Easterly extension of said South line of said Lot 38 and along said South line of said Lot 38 to the East right of way line of 26th Street; Thence continuing Westerly along the Westerly extension of said South line of Lot 38 to a point on the West right of way line of 26th Street, said point also being the Southeast corner of Lot 7, Drake University's Addition to the City of Des Moines, an Official Plat; Thence Westerly along the South line of said Lot 7 and along the Westerly extension of said South line of said Lot 7 to the Southeast corner of Lot 30 of said Drake University's Addition to the City of Des Moines; Thence Westerly along the South line of said Lot 30 to the East right of way line of 27th Street; Thence North along said East right of way line to the South line of the North 7 feet of Lot 36 of said Drake University's Addition to the City of Des Moines; Thence West along the Westerly extension of said South line of the North 7 feet of said Lot 36 to the East right of way line of 28th Street; Thence North along said East right of way line of said 28th Street to the Northwest corner of Lot 65 in said Drake University's Addition to the City of Des Moines, said Northwest corner being on said South right of way line of said University Avenue; Thence West along said South right of way line of said University Avenue to the Southerly extension of the East right of way line of 34th Street; Thence North along said Southerly extension to the North right of way line of said University Avenue; Thence East along said North right of way line University Avenue to the West right of way line of 23rd Street; Thence South along Southerly extension of said West right of way line of said 23rd Street to said South right of way line of said University Avenue; Thence West along said South right of way line of said University Ave to the Point of Beginning.

Appendix "B"

Planning Directors Report

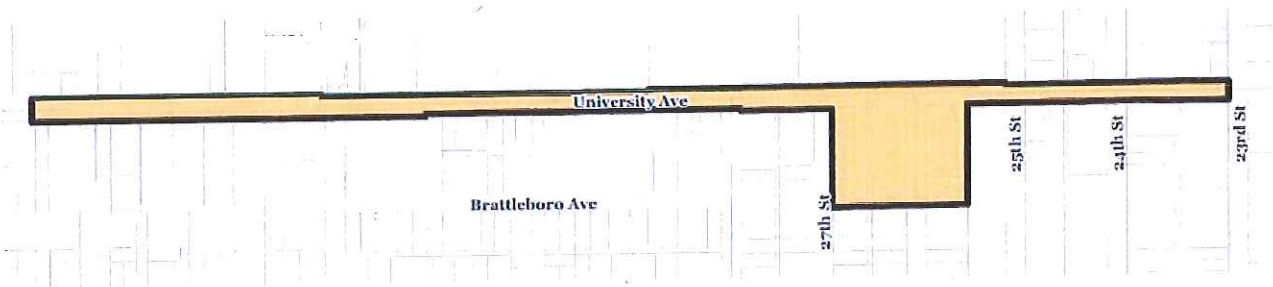
Drake Urban Renewal Area

December 3, 2018

To the Honorable Mayor and City Council for the City of Des Moines:

RE: PLANNING ADMINISTRATOR'S REPORT ON DESIGNATION OF PROPOSED
DRAKE URBAN RENEWAL PLAN AREA

The City of Des Moines is proposing to designate an Urban Renewal Area with a tax increment finance district component, the Drake Urban Renewal Area, generally located across from Drake University on the south of University Avenue between 27th Street and the half-block east of 26th Street, as shown in the map below. Right-of-way is also included.



The purpose of this Urban Renewal Plan is to guide the development of the Urban Renewal Area and to activate new economic investment leading to increased taxable valuation.

BOUNDARY DESCRIPTION

The approximately 10.2-acre Area is located across from Drake University, south of University Avenue between 27th Street and the half-block east of 26th Street, and also includes the right-of-way along University Avenue, between 23rd and 34th Streets. A map is shown above. The legal description for the urban renewal area can be found as Appendix "A" of the Urban Renewal Plan. The boundary for this area presently includes existing residential uses, as well as parking lots. Proposed use is for a hotel, retail, and medium-density and/or high-density residential uses.

BASIS FOR URBAN RENEWAL

In the State of Iowa, a city may designate an urban renewal area by following the requirements specified in Chapter 403, Code of Iowa, which requires the area to contain one or more of the following conditions:

- Slum and /or blighted conditions
- Economic development area due to its appropriateness for commercial or industrial enterprises, for public improvements related to housing and residential development, or

construction of housing and residential development for low and moderate income families, including single and multifamily housing

In accordance with the Code of Iowa, it is determined that the Drake Urban Renewal Area qualifies as an economic development area due to its potential to activate new economic investment leading to increased taxable valuation.

CONFORMANCE WITH COMPREHENSIVE PLAN

Plan DSM shows the land outside the street rights-of-way designated as Neighborhood Mixed Use and Low-Medium Density Residential. There is one 6,144 square foot lot designated as Low-Medium Density Residential. Depending on the type of development that eventually occurs on this lot, a Land Use amendment may be required. The eastern edge of the Plan Area is within a neighborhood node. *Map 2-Plan DSM Land Use Map* further details the proposed land uses for this general area.

All goals and objectives of the Drake Urban Renewal Plan are in conformance with the City's Comprehensive Plan, *Plan DSM*, which was adopted by the City Council on April 25, 2016, by Roll Call No. 16-0717.

CONFORMANCE WITH CURRENT ZONING

The Plan Area (exclusive of the street rights-of-way) is zoned as "NPC" Neighborhood Pedestrian Commercial and "R1-60" One-Family Low-Density Residential as shown on *Map 3 - Existing Zoning*.

Four lots within the Plan Area, totaling approximately .5 acres are zoned as "R1-60," and may need to be rezoned depending on the proposed development. Due to the design of the development project listed in Appendix D, which will utilize two of the parcels currently zoned "R1-60" as extending parking lot, the parcels will not need to be rezoned to the "NPC" Neighborhood Pedestrian Commercial" District.

Possible additional amendments to the Zoning Ordinance may be identified through the ongoing planning process for the implementation of this Plan.

PLANNING RATIONALE

At the time of adoption, the area consists of parking lots and residential uses. Until recently, the property had been under Drake University ownership, and was therefore non-taxable. Recently, Drake has been interested in selling some of their property holdings on the south side of University Avenue for private development to provide more vitality and services to students and other users of the area. With Drake selling the property to Nelson Development, the property and its proposed improvements will become taxable.

In order to maximize the area's ability to continue to be regionally competitive and create growth in valuation for the City of Des Moines, these targeted planning efforts and the strategic use of economic development tools are necessary. The current conditions and potential opportunities for new investment provide substantial basis for developing an urban renewal plan for this area.

It is appropriate to designate the Drake Area as an Urban Renewal Area based on the need to facilitate and guide new investment and revitalization. The creation of this Urban Renewal Area

will allow for the use of tax increment financing to assist with economic development financial assistance as needed. This will benefit the area by redeveloping non-taxable parking lots and residential buildings, and creating increased tax base for the City of Des Moines.

SUMMARY

The proposed Drake Urban Renewal Plan has the ability to provide additional economic development and vitality in the Plan Area. The adoption of this plan and the implementation of its goals and objectives will provide the framework, guidelines and incentives needed for this to occur.

Michael G. Ludwig
Planning Administrator

Appendix “C”
Financial Condition Report
Drake Urban Renewal Area

E. APPENDIX C – FINANCIAL CONDITION REPORT – DRAKE URBAN RENEWAL AREA

The City has, by Ordinance No. [REDACTED] passed January 14, 2019, designated the Drake Urban Renewal Area as an urban renewal area in which "Tax Increment Financing," as defined in Chapter 403, Code of Iowa, may be utilized. The expected financial undertakings and tax increment revenue with regard to this urban renewal area are discussed in this Financial Condition Report.

Introduction

Urban renewal is one of the few ways an Iowa municipality can undertake and financially assist community revitalization and economic development. In Des Moines, especially in the older areas with limited redevelopment opportunities, urban renewal is an important way cities can assist the private sector in the creation and retention of jobs and in the development and redevelopment of blighted, vacant and underutilized parcels that would not occur without the City's assistance.

Urban renewal can provide flexibility in phasing development over a long-term period. In Iowa, a city may designate an "urban renewal area" by following the requirements specified in Chapter 403, Code of Iowa, upon finding that the area qualifies for designation as a slum area, a blighted area or an economic development area as those terms are defined in Iowa Code §403.17. The Drake Urban Renewal Plan Area was designated by the City as an urban renewal area upon a finding by the City Council that the area qualified as an economic development area.

As part of the designation of an urban renewal area, the city council must adopt an urban renewal plan. The plan text includes a legal description and map of the area; a description of existing land uses and conditions; the actions the city proposes to undertake in the area such as public improvements, public services, the sale or purchase of property; and any conditions the city may want to impose on the development projects. The Des Moines City Council adopted the original Urban Renewal Plan for the Drake Urban Renewal Area on January 14, 2019, by Roll Call No. XX-XXXX. If the city wants to undertake an action not specified in the urban renewal plan, it must adopt the proposed change by an amendment. Before the urban renewal plan or any amendment can be adopted by the city council, notice of a public hearing on the plan or amendment must be published in the newspaper.

In addition, if the urban renewal area uses tax increment financing, a consultation and comment period with other taxing entities is offered prior to the public hearing. This document has been prepared in response to this consultation requirement.

Tax Increment Financing

Tax increment financing ("TIF") is a financing tool that is only available in designated urban renewal areas. It allows the use of a portion of the future property tax revenues of all taxing jurisdictions (the "Tax Increment Revenue") created by an increase in the total assessed value of all the taxable property within the urban renewal area, to be used to fund obligations incurred by the city in implementing the urban renewal plan.

The Tax Increment Revenue can only be used for the activities or items authorized in the urban renewal plan. If the Tax Increment Revenue is not used to pay eligible expenses incurred in the implementation of the urban renewal plan, the revenue is released back to general revenues of the local taxing jurisdictions. On March 24, 1997, the Des Moines City Council adopted a policy that commencing in FY1997/98, the City will use, and has used, no more than 75% of the total annual Tax Increment Revenues generated by all urban renewal areas. This assures that the local taxing entities receive the benefit of at least 25% any future growth in the valuation of taxable properties in the urban renewal areas utilizing tax increment financing.

Current TIF Bonding and Outstanding Indebtedness

Overall, as of July 1, 2018, the City of Des Moines has approximately \$432 million in general obligation debt. Of this debt, approximately \$94 million is being serviced with Tax Increment Revenues from various urban renewal areas. The State of Iowa Constitutional debt-limit for general debt obligations by the City of Des Moines is approximately \$577 million. The Drake Urban Renewal Area does not have any outstanding debt arising from the issuance of tax increment notes or bonds.

Property Tax Assessments and Revenues

The base assessed value used to calculate the Tax Increment Revenue for the Drake Urban Renewal Area is approximately \$827,124. The total taxable value of all property within the Urban Renewal area as of January 1, 2021, is estimated at approximately \$9.6, resulting in a new increment valuation of approximately \$8.8 million, which will generate approximately \$350,000 of Tax Increment Revenue in FY2022/23.

At the time of designation as a tax increment financing district, the property tax assessments will be "frozen". Any additional increase in the property tax assessment may be "captured" for use in the TIF district by the City. The total "frozen" property tax assessment base is estimated at \$827,124 for the urban renewal area.

Future Financial Condition

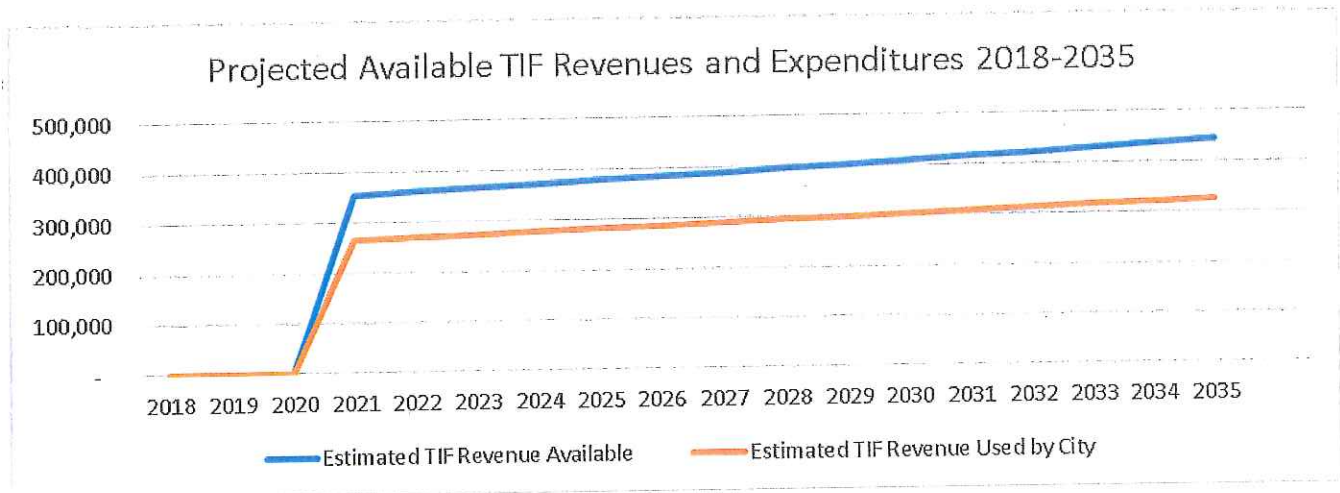
Shown below is a table that projects estimated property tax revenues and expenditures from the Drake Urban Renewal Area. In this Financial Condition Report, the estimated property tax revenues are based on a property tax levy rate of \$40/\$1,000. This levy rate reflects the tax levy rate after subtracting payment of the 'protected debt levy' (various mandated debt expenses collected as part of the property tax levy.)

The revenue projections shown are based on increases in property tax revenues conservatively estimated with an annual growth rate of 1.5%. The Tax Increment Revenue generated by the assessed value existing on any January 1st is paid and collected in the fiscal year commencing 18 month later.

The following table and graphic represent new and updated information formulated for this amendment.

Assessment Year	Base Valuation	Total Assessed Valuation	New Increment Valuation	TIF Valuation Used	Estimated TIF Revenue Available	Estimated TIF Revenue Used by City	% Valuation Used
2018	814,900	814,900	-	-	-	-	0%
2019	827,124	827,124	-	-	-	-	0%
2020	827,124	839,530	12,407	-	496	-	0%
2021	827,124	9,649,623	8,822,500	6,598,125	352,900	263,925	75%
2022	827,124	9,794,368	8,967,244	6,697,097	358,690	267,884	75%
2023	827,124	9,941,283	9,114,160	6,797,553	364,566	271,902	75%
2024	827,124	10,090,402	9,263,279	6,899,517	370,531	275,981	74%
2025	827,124	10,241,758	9,414,635	7,003,009	376,585	280,120	74%
2026	827,124	10,395,385	9,568,261	7,108,055	382,730	284,322	74%
2027	827,124	10,551,316	9,724,192	7,214,675	388,968	288,587	74%
2028	827,124	10,709,585	9,882,462	7,322,895	395,298	292,916	74%
2029	827,124	10,870,229	10,043,106	7,432,739	401,724	297,310	74%
2030	827,124	11,033,283	10,206,159	7,544,230	408,246	301,769	74%
2031	827,124	11,198,782	10,371,658	7,657,393	414,866	306,296	74%
2032	827,124	11,366,764	10,539,640	7,772,254	421,586	310,890	74%
2033	827,124	11,537,265	10,710,141	7,888,838	428,406	315,554	74%
2034	827,124	11,710,324	10,883,200	8,007,171	435,328	320,287	74%
2035	827,124	11,885,979	11,058,855	8,127,278	442,354	325,091	73%

The graphic below shows the projected property tax revenues and expenditure estimates detailed in the table above. Note: The Tax Increment Revenue generated by the assessed value existing on any January 1st is paid and collected in the fiscal year commencing 18 month later.



This information will change as future projects, subject to the urban renewal amendment process with the individual review of each amendment and projects by the City Council and other authorities as directed by the Code of Iowa, are approved.

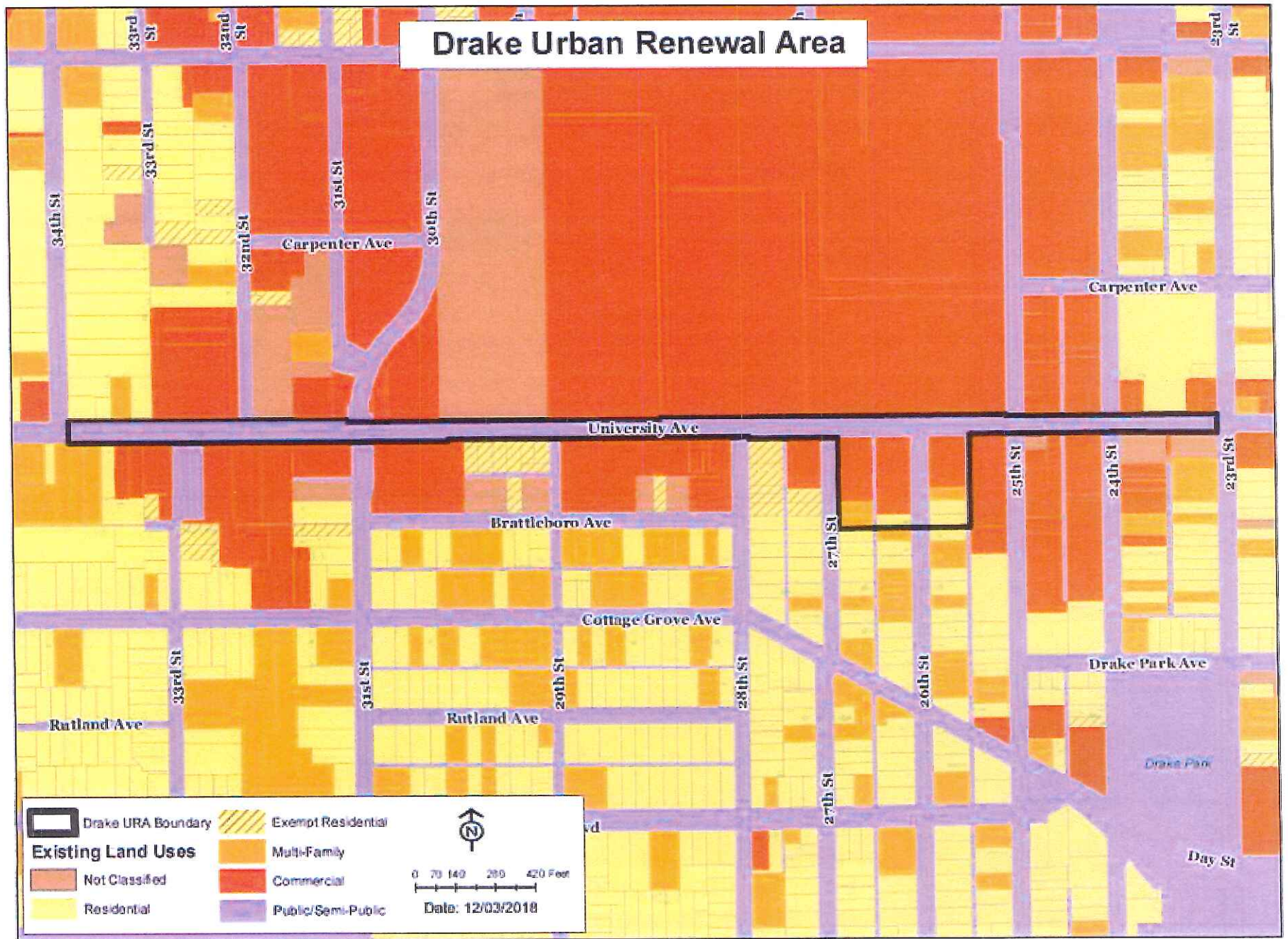
APPENDIX “D”
Economic Development and Redevelopment Activities
Drake Urban Renewal Plan

Hotel/Mixed Use Building

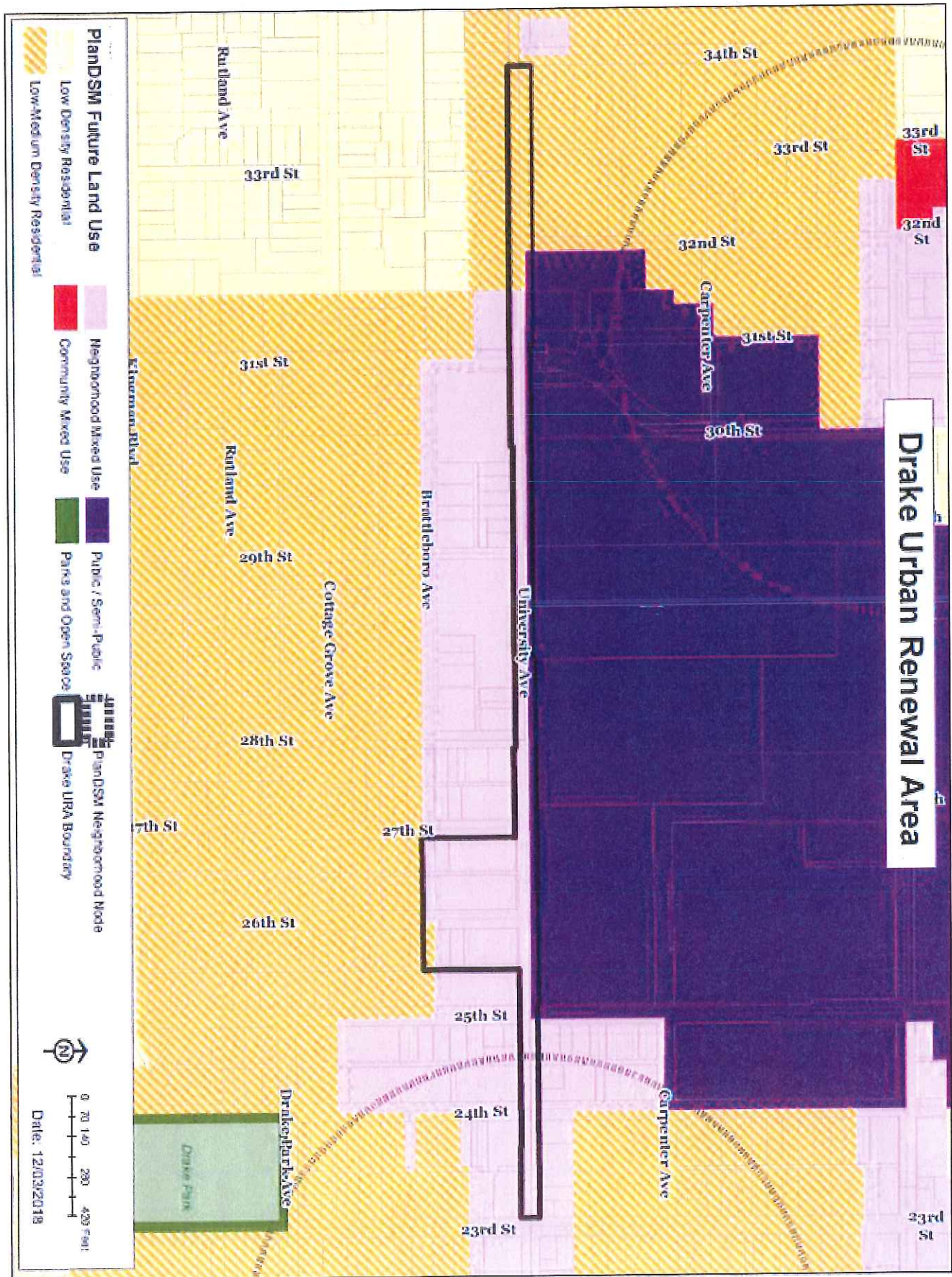
Construction of an approximately 85,000 square foot hotel/mixed use building located on the south side of University Avenue, between 26th and 27th Streets.

In consideration of Developer’s obligation to construct said improvements, an economic development grant is to be paid to property owner by City, payable in thirty (30) semi-annual installments, payable each December 1 and May 1, with each semi-annual installment equal to 75% of the Annual Incremental Tax generated by that phase of the improvements.

Map 1 – Existing Land Uses



Map 2 - Plan DSM Future Land Use Map



Map 3 - Existing Zoning

