



Date June 8, 2020

RESOLUTION CLOSING PUBLIC HEARING ON THE PROPOSED FIRST AMENDMENT TO THE URBAN RENEWAL DEVELOPMENT PLAN FOR THE DRAKE URBAN RENEWAL AREA

WHEREAS, on January 14, 2019 by Roll Call Number 19-0085, the City Council adopted the Urban Renewal Plan for the Drake Urban Renewal Area; and,

WHEREAS, the purpose of the proposed First Amendment to the Plan is to update Appendix "C", the Financial Condition Report and amend Appendix "D", the Approved Economic and Redevelopment Activities to include details regarding a proposed Mixed Use Building; and,

WHEREAS on April 20, 2020. by Roll Call Number 20-0619, the City Council resolved that a public hearing be held on June 8, 2020 at 5:00 p.m. in the MSC Board Room, 2nd Floor, Richard A. Clark Municipal Services Center, 1551 E. M.L. King Jr. Parkway, Des Moines, Iowa to be conducted electronically to consider the proposed First Amendment; and,

WHEREAS the Urban Design Review Board reviewed the proposed First Amendment at its regular meeting on May 19, 2020, and voted 9-0 to recommend approval of the plan; and,

WHEREAS, notice was given by ordinary mail to the Des Moines Independent School District, Polk County, the Des Moines Area Community College, Polk County, and the Des Moines Area Regional Transit Authority of a consultation meeting held in the City Administration Building; and,

WHEREAS, notice of this public hearing was published in the Des Moines Register on May 20, 2020; and,

WHEREAS none of the notified taxing authorities attended the consultation meeting; and,

WHEREAS the public hearing has now been opened and all persons and organizations desiring 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 First Amendment to the Drake Urban Renewal Plan for the Drake Urban Renewal area is hereby closed.

(CONTINUED)



**Roll Call Number**

**Agenda Item Number**

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2. On consideration of the recommendation of the Urban Design View Board and all other recommendations and statements from all other parties and organizations, the City Council finds that the First Amendment to the plan conforms to PlanDSM Creating Our Tomorrow, the comprehensive of plan for the development of the City as a whole.

3. The Urban Renewal Plan for the Drake Urban Renewal Area is hereby amended as set forth in the First Amendment. The plan, as amended by the First Amendment thereto, is hereafter in full force and effect.

4. The City clerk is directed to cause the First Amendment and a certified copy of this resolution to be recorded in the land records of County recorder.

**(Council Communication No. 20-244)**

MOVED by \_\_\_\_\_ to adopt.

FORM APPROVED:

/s/ Thomas G. Fisher Jr.

Thomas G. Fisher Jr.  
Assistant City Attorney

Exhibit:

Urban Renewal Plan Amendment

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
BOESEN				
GATTO				
GRAY				
MANDELBAUM				
VOSS				
WESTERGAARD				
TOTAL				

**CERTIFICATE**

I, P. Kay Cmelik, 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.

MOTION CARRIED

APPROVED

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
City Clerk

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Prepared by: Naomi Hamlett, Office of Economic Development, 400 Robert D. Ray Drive, Des Moines, IA 50309 Phone: 515-283-4015  
Return Address: City Clerk – City Hall, 400 Robert D. Ray Drive, Des Moines, IA 50309  
Taxpayer: No change  
Title of Document: First Amendment to the Drake Urban Renewal Plan  
Grantor/Grantee: City of Des Moines, Iowa  
Legal Description: See page 1, below.  
Prior Related Documents: See listing at page 1, below.

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**First Amendment**  
*to the*  
**Drake Urban Renewal Plan**

Urban Design Review Board Action:	<i>May 19, 2020</i>
Taxing Entities Consultation:	<i>May 12, 2020</i>
City Council Approval:	<i>June 8, 2020</i>

## HISTORY

The Drake Urban Renewal Plan was adopted on January 14, 2019, and recorded in the records of the Recorder of Polk County, Iowa, as follows:

<u>Action</u>	<u>Date Adopted</u>	<u>Roll Call</u>	<u>Book – Page</u>
Plan Adopted	01-14-2019	19-0085	17222-355

## URBAN RENEWAL AREA

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

## PURPOSE

The purpose of this First Amendment to the Drake Urban Renewal Plan is to:

- Amend *Appendix C - Financial Condition Report* to update anticipated use of tax increment funds in the future.
- Amend *Appendix D – Economic Development and Redevelopment Activities* which provides a summary of projects proposed to receive tax increment revenues from the Drake Urban Renewal Area.

## FIRST AMENDMENT TO THE DRAKE URBAN RENEWAL PLAN

1. Replace *Appendix C - Financial Condition Report* with the attached Appendix C (Rev. 1) - Financial Condition Report.
2. Replace *Appendix D – Economic Development and Redevelopment Activities* with the attached *Appendix D – Economic Development and Redevelopment Activities*, which adds a new project, Mixed Use Residential Building.

## **Appendix “C”**

### **Financial Condition Report**

### **Drake Urban Renewal Area**

#### **APPENDIX C – FINANCIAL CONDITION REPORT – DRAKE URBAN RENEWAL AREA**

The City has, by Ordinance No. 15,379 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. 19-0085. 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 June 30, 2019, the City of Des Moines has approximately \$399 million in general obligation debt. Of this debt, approximately \$83 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 \$634 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 \$201,700. The total taxable value of all property within the Urban Renewal area as of January 1, 2019, is estimated at approximately \$783,100, resulting in a new increment valuation of approximately \$581,400 which will generate approximately \$23,256 of Tax Increment Revenue in FY2020/21.

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 \$201,700 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.)

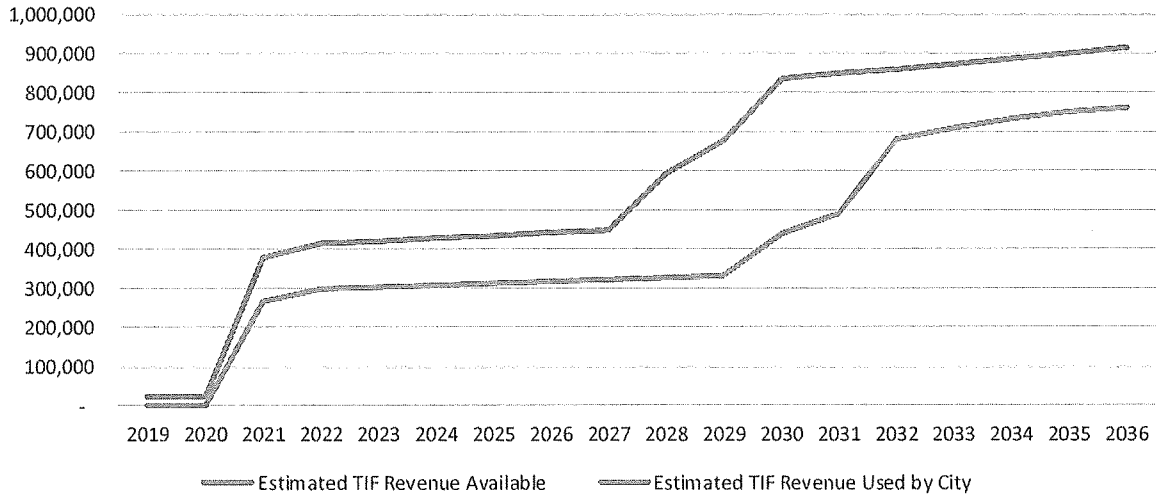
The revenue projections shown are based on increases in property tax revenues conservatively estimated with an annual growth rate of 1.5%. The Tax Increment Revenue generated by the assessed value existing on any January 1st is paid and collected in the fiscal year commencing 18 month later.

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	Percent Valuation Used
2019	201,700	783,100	581,400	-	23,256	-	0%
2020	201,700	794,847	593,147	-	23,726	-	0%
2021	201,700	9,604,269	9,402,569	6,598,125	376,103	263,925	70%
2022	201,700	10,588,333	10,386,633	7,500,000	415,465	300,000	72%
2023	201,700	10,747,158	10,545,458	7,612,500	421,818	304,500	72%
2024	201,700	10,908,366	10,706,666	7,726,688	428,267	309,068	72%
2025	201,700	11,071,991	10,870,291	7,842,588	434,812	313,704	72%
2026	201,700	11,238,071	11,036,371	7,960,227	441,455	318,409	72%
2027	201,700	11,406,642	11,204,942	8,079,630	448,198	323,185	72%
2028	201,700	15,033,594	14,831,894	8,200,824	593,276	328,033	55%
2029	201,700	17,116,619	16,914,919	8,323,837	676,597	332,953	49%
2030	201,700	21,048,451	20,846,751	11,000,000	833,870	440,000	53%
2031	201,700	21,364,178	21,162,478	12,300,000	846,499	492,000	58%
2032	201,700	21,684,640	21,482,940	17,000,000	859,318	680,000	79%
2033	201,700	22,009,910	21,808,210	17,765,000	872,328	710,600	81%
2034	201,700	22,340,059	22,138,359	18,297,950	885,534	731,918	83%
2035	201,700	22,675,159	22,473,459	18,755,399	898,938	750,216	83%
2036	201,700	23,015,287	22,813,587	19,036,730	912,543	761,469	83%

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.

Projected Available TIF Revenues and Expenditures  
 Assessment Years 2019-2036 (Paid and Collected in  
 FY2020/21 to FY2037/38)



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.fishfish



**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 26<sup>th</sup> and 27<sup>th</sup> 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.

Mixed Use Building

Construction of an approximately 83,000 square foot, 4-story mixed use building that will include 135 residential units and approximately 6000 square feet of commercial space on the ground floor along University Avenue. Fourteen of the 135 residential units will be provided at low-moderate income (LMI) rates.

In consideration of Developer’s obligation to construct said improvements, an economic development grant is to be paid to property owner by City to incentivize the commercial and LMI multi-family units, payable in thirty-four (34) semi-annual installments, payable each November 1 and April 1. For the commercial area of the building (exclusive of land), the project would receive 100% of the project-generated tax increment for 15 years, and 70% for years 16 and 17. The LMI portion of the multi-family portion of the building (exclusive of land) would receive 100% of the multi-family project-generated TIF after tax abatement in years 9 and 10, 100% of the project-generated TIF in years 11 through 15; and 70% of project-generated TIF in years 16 and 17.