



Date October 19, 2020

RESOLUTION APPROVING PRELIMINARY TERMS OF AN URBAN RENEWAL DEVELOPMENT AGREEMENT WITH 3801 GRAND ASSOCIATES, L.P. AND NEWBURY MANAGEMENT COMPANY (FRANK LEVY) FOR THE CONSTRUCTION OF 56-UNIT MULTI-RESIDENTIAL APARTMENT BUILDING LOCATED AT 3705-3707 GRAND AVENUE

WHEREAS, 3801 Grand Associates, L.P., Owner, and Newbury Management Company d/b/a Newbury Living, Developer (collectively “Developer”), represented by Frank Levy, President, propose to undertake the construction of a new four-story, approximately 130,000 square-foot multi-residential building to be known as “The James” with 56 apartment units and 69 below-grade parking stalls located at 3801 Grand Avenue, which is expected to contain a mix of approximately three studio units, 15 one-bedroom units, 27 two-bedroom units and 11 three-bedroom units (“Improvements”), at an estimated total project cost of \$33,500,000.00 including property purchases, subject to acquisition by Developer of the 3801 Grand Avenue campus and land acquisitions of 3705-3707 Grand Avenue; and

WHEREAS, the project site was identified as a potential redevelopment opportunity through the 38th and Grand Urban Renewal Area planning work, and all buildings on the previously developed 3705-3707 Grand Avenue site have been previously demolished; and

WHEREAS, construction of the Improvements is anticipated to commence in early 2021, with an estimated 15-month construction schedule; and

WHEREAS, the City’s Office of Economic Development has negotiated preliminary terms of an Urban Renewal Development Agreement with the Developer, all as more specifically described in the accompanying Council Communication, which provide that in consideration of the Developer’s commencement and completion of the Improvements, the City will provide an economic development forgivable loan for 11 years from the tax increment generated by the Improvements, in the amount of one-hundred percent (100%) of project-generated TIF, in an estimated total amount of \$4,700,000.00 (cash basis; \$3,300,000.00 on a net present value basis at a 4.5% discount rate); and

WHEREAS, the Developer has agreed as preliminary terms of Agreement as follows:

- to preserve the three studio apartment units to be capped at the sixty-five percent (65%) HOME rent limits and restricted to households earning eighty percent (80%) or less of the area median income for a 15-year period;
- to participate in and comply with MidAmerican Energy’s Commercial New Construction Energy Efficiency Program and exceed applicable energy codes in the Improvements by a minimum of twenty percent (20%); and
- to enter into a trial partnership under the Unlimited Access Program with the Des Moines Area Regional Transit (DART) Authority, starting in January 2021, to provide free use of DART buses to four Newbury Management Company multi-residential properties in and near downtown Des Moines, including the project site, insofar as costs related to

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program access by residents of The James do not increase more than eight percent (8%) per year on average over an 11-year period.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Des Moines, Iowa, that the preliminary terms of agreement with 3801 Grand Associates, L.P. and Newbury Management Company d/b/a Newbury Living, as described above and in the accompanying Council Communication, are hereby received and filed, and the City Manager is hereby directed to proceed with negotiation of a development agreement with the Developer on final terms of an Urban Renewal Development Agreement consistent with the preliminary terms for consideration for approval by the City Council.

(Council Comm. No. 20-463)

MOVED BY _____ TO ADOPT.

APPROVED AS TO FORM:

/s/ Glenna K. Frank
Glenna K. Frank, Assistant City Attorney

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

Mayor

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.

City Clerk