

Date February 22, 2021

**RESOLUTION APPROVING URBAN RENEWAL DEVELOPMENT AGREEMENT WITH TREE HOUSE PARTNERS, LLC (TIM RYPMA, PAUL COWNIE AND JEREMY CORTRIGHT) FOR THE HISTORIC RENOVATION OF THREE MULTI-RESIDENTIAL APARTMENT BUILDINGS LOCATED AT 2315 GRAND AVENUE**

**WHEREAS**, Tree House Partners, LLC (“Developer”), represented by Tim Rypma of Rypma Properties, Paul Cownie, and Jeremy Cortright, Development Members, proposes to undertake the historic renovation of three existing multi-residential apartment buildings located at 2315 Grand Avenue, within the Ingersoll Grand Commercial Urban Renewal Area, which is expected to contain a mix of approximately 93 efficiency, one-bedroom, and two-bedroom apartment units, as well as construction of approximately 73 surface parking stalls and an outdoor dog run and amenity space (collectively “Improvements”), at an estimated total project cost of \$16,859,500.00, subject to receipt of the financial assistance identified below and State and Federal Historic Tax Credits being sought by the Developer; and

**WHEREAS**, the existing buildings were originally constructed in 1923, and the Developer is working with the State Historic Preservation Office (SHPO) on design requirements and intends to undertake the renovation consistent with the Secretary of the Interior’s Standards and Guidelines for Historic Rehabilitation; and

**WHEREAS**, construction of the Improvements is anticipated to commence in fall 2021 and to be completed within a 20-month period; and

**WHEREAS**, the City’s Office of Economic Development has negotiated an Urban Renewal Development Agreement with the Developer (the “Developer Agreement”), whereby the Developer has agreed to construct the Improvements, in accordance with the Conceptual Development Plan, which proposed Development Agreement and Conceptual Development Plan related thereto are on file in the office of the City Clerk; and

**WHEREAS**, the proposed Development Agreement provides that in consideration of the Developer’s commencement and completion of the Improvements, the City will provide an economic development forgivable loan in a total amount not to exceed \$2,400,000.00 (cash basis; \$1,887,015.00 on a net present value basis at a four percent (4%) discount rate), to be paid in semi-annual installments of \$100,000.00 per installment in project years 1-12 (December 2024 through June 2036) from the tax increment generated by the project and to be used for the affordable (low-moderate income) housing units included in the Improvements; and

**WHEREAS**, the Developer has further agreed, as stated in the Development Agreement, as follows:

- to preserve twenty percent of the apartment units at affordable rates for a twenty-year period, including 9 units to be capped at the fifty percent (50%) HOME rent limits and restricted to households earning fifty percent (50%) or less of the area median income,

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and 10 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, which affordability requirement is a condition precedent of receipt of the above-described forgivable loan for its duration and subject to loss of loan forgiveness if violated for the 20-year covenant period;

- to participate in and comply with MidAmerican Energy's Commercial New Construction Energy Efficiency Program;
- to install a minimum of two electric vehicle charging stations on site; and
- to enter into a trial partnership under the Unlimited Access Program with the Des Moines Area Regional Transit (DART) Authority, to provide free use of DART buses to tenants of the Improvements for the duration of the 20-year affordability period, insofar as (i) after one calendar year in the program, costs related to program access do not increase more than eight percent (8%), on average, per calendar year, and/or (ii) after one calendar year in the program, at least twenty percent of tenants use the Program, and/or (iii) the Program is not substantially modified or altered; and

**WHEREAS**, at its meeting on January 19, 2021, the Urban Design Review Board voted 6-0 to recommend approval of final design of the Improvements as proposed by the Developer and set forth in the Conceptual Development Plan incorporated in the Development Agreement, and for approval of financial assistance as set forth above and in said Agreement.

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

1. The City Council hereby makes the following findings in support of the proposed Development Agreement with Tree House Partners, LLC ("Developer"):
  - a. Developer's obligations under the Development Agreement to construct the Project further the goals and objectives of the Ingersoll-Grand Commercial Urban Renewal Plan to encourage development with the following attributes: (1) place-making with development that respects the neighborhood's character and human-scale, design and historic features while creating attractive live/work/play environments; and (2) livability to provide an attractive and appealing physical environment for residents.
  - b. The economic development incentives for the development of the Project are provided by the City pursuant to the Urban Renewal Law and Chapter 15A of the Code of Iowa, and Developer's obligations under the Agreement to construct the Improvements, will generate the above-stated public gains and benefits.
  - c. The construction of the Project is a speculative venture and the construction and resulting benefits would not occur without the economic incentives provided by the Development Agreement, subject to receipt of the financial assistance identified below and State and Federal Historic Tax Credits being sought by Developer.
  - d. The redevelopment of the Property pursuant to the Development Agreement, and the fulfillment generally of the Agreement, are in the vital and best interests of City and the health, safety, morals, and welfare of its residents, and in accord with the public purposes

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and provisions of the applicable state and local laws and requirements under which the Project has been undertaken, and warrant the provision of the economic assistance set forth in the Agreement.

2. The Urban Renewal Development Agreement between the City and Developer, and the Conceptual Development Plan attached thereto, both as on file in the office of the City Clerk, are hereby approved, and the Mayor and City Clerk are hereby authorized and directed to execute and attest to, respectively, the Agreement on behalf of the City of Des Moines.

3. The Development Services Director or her designee are directed to submit a copy of the fully executed Development Agreement to the Finance Department for purposes of required Electronic Municipal Market Access disclosure filings.

4. Upon requisition by the Office of Economic Development, the Finance Department shall advance the installments on the Economic Development Assistance pursuant to Article 4 of the Development Agreement.

5. The Department Services Director or designee(s) are hereby authorized and directed to administer the Development Agreement on behalf of the City, and to monitor compliance by the Developer with the terms and conditions of the Agreement. The Department Services Director is further directed to forward to City Council all matters and documents that require City Council review and approval in accordance with the Agreement.

(Council Comm. No. 21-086)

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

**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.

\_\_\_\_\_  
Mayor

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