



Date March 8, 2021

RESOLUTION APPROVING URBAN RENEWAL DEVELOPMENT AGREEMENT WITH 3524 6TH AVENUE, LLC (JOE CORDARO, RANDY REICHARDT), AND APPROVING CONCEPTUAL DEVELOPMENT PLAN, FOR THE MIXED-USE MULTI-RESIDENTIAL AND COMMERCIAL RENOVATION OF 3524 6TH AVENUE

WHEREAS, 3524 6th Avenue, LLC (“Developer”), represented by Joe Cordaro, Principal, Benchmark Real Estate Group and Randy Reichardt, Owner, RWR Development, LLC, proposes to undertake the historic renovation of an existing three-story, 11,893 square-foot building at 3524 6th Avenue, within the Oak Park-Highland Park Urban Renewal Area, which is expected to contain approximately 3,800 square-feet of ground floor commercial space and 14 multi-residential units in the building (collectively “Improvements”), at an estimated total project cost of \$2,600,000.00, subject to receipt of the financial assistance identified below as well as State and Federal Historic Tax Credits and assistance from InvestDSM being sought by the Developer; and

WHEREAS, the existing building was originally constructed in 1915 and occupies a prominent hilltop location on the southwest corner of a major arterial intersection at 6th Avenue and Euclid Avenue, constituting a landmark anchor building within the commercial district and within a Special Investment District established by the City Council, 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 an approximately 12-month period; and

WHEREAS, pursuant to Roll Call No. 21-0107, approved on January 25, 2021, the City Council directed the City Manager to proceed with negotiation of a Development Agreement with the Developer for the project; and

WHEREAS, the City’s Office of Economic Development has negotiated an Urban Renewal Development Agreement (the “Development Agreement”) with the Developer, 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 and in lieu of commercial tax abatement, the City will provide an economic development grant for 20 years in the amount of one-hundred percent (100%) of the project-generated tax increment (TIF), in the estimated amount of \$1,671,037.00 (cash basis; \$965,989.00 on a net present value basis at a 4.5 percent discount rate); and

WHEREAS, the Developer has further agreed, as stated in the Development Agreement, to maintain affordability, for the 20-year duration of economic development assistance, of a minimum of

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ten percent (10%) of the residential units at sixty-five percent (65%) HOME rent limits and restricted to households earning eighty percent (80%) or less of the area median income, in addition to participation in and compliance with MidAmerican Energy's Commercial New Construction program and subject to a Minimum Assessment Agreement; and

WHEREAS, at its meeting on February 23, 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 voted 6-0 to recommend 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 3524 6th Avenue, LLC ("Developer")

- a. Developer's obligations under the Development Agreement to redevelop the Property for commercial and multi-household residential uses further the objectives of the Oak Park-Highland Park Urban Renewal Plan to encourage and facilitate high quality commercial, mixed use and residential uses and the associated employment opportunities and slum and blight elimination within the Plan area; provide a diversity of housing options to accommodate residents of all ages, income levels, household sizes, and cultural backgrounds; preserve, maintain, and improve the existing inventory of multi-family housing; foster economic prosperity and stability by retaining existing businesses; further Des Moines' revitalization efforts to improve the strength, stability, and vitality of the Project Area; and protect Des Moines' historic and cultural assets that contribute to neighborhood and community identity.
- 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 this Agreement to construct the Improvements will generate the following public gains and benefits: (i) it will encourage and assist with the redevelopment and/or removal of blighted, obsolete, and underutilized properties within the Project Area; (ii) it will facilitate the development and re-development of commercial, mixed use and residential uses for the creation and retention of jobs in the City of Des Moines; (iii) it will provide a diversity of housing options; increase the overall tax base; and (iv) it will maximize the return on past investment in road and public utility networks.
- c. The construction of the Project is a speculative venture and the construction and the construction and resulting benefits would not occur without the economic incentives provided by the Development Agreement.
- d. The development 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 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.

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2. The Urban Renewal Development Agreement between the City and 3524 6th Avenue, LLC, 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 Director of the Office of Economic Development 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 Development 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 Development 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. 21-120)

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