

Date March 6, 2023

**RESOLUTION APPROVING PRELIMINARY TERMS OF AN URBAN RENEWAL DEVELOPMENT AGREEMENT WITH HOA DEVELOPMENT, LLC FOR THE CONSTRUCTION OF A 186-UNIT MIXED-USE APARTMENT BUILDING LOCATED AT 603 EAST 6<sup>TH</sup> STREET**

**WHEREAS**, HOA Development LLC (515 East Locust Street, Suite 100, Des Moines, IA 50309) (“Developer”), represented by Chuck Ullrich, Vice President and Chief Financial Officer, proposes to construct a new 186-unit mixed use apartment building at 603 E. 6<sup>th</sup> Street; and

**WHEREAS**, the project will consist of a mixed-use apartment building on a 1.226-acre infill site within the Historic East Village Neighborhood and will contain 186 living units as well as at least 4,000 square feet of commercial space on the first floor, a fitness center, resident gathering and commons spaces, a dog park, and covered indoor parking; and

**WHEREAS**, the project is anticipated to cost approximately \$44 million and when completed is expected to provide at least 10% of the residential units at an affordable rent structure of 65% HOME Rent Limits and available to households earning 80% or less of the area median income (AMI) level; 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 provides for tax increment financing (TIF) to respond to a construction financing gap on the project, as presented by the development team and vetted by city staff; and

**WHEREAS**, under the preliminary terms of the Development Agreement, the project will receive project-generated TIF grant capped at a maximum value of \$4.5 million in project-generated tax increment on a net-present-value basis {NPV} (at a 4.5% discount rate) based on the following schedule: \$50,000 in year eight (8), 95% in years nine (9) through fifteen (15), 90% in years 16-20; and.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Des Moines, Iowa, that the preliminary terms of agreement with HOA Development LLC, as described above and in the accompanying Council Communication, are hereby received and filed and the City Manager and/or his designee are hereby directed to proceed with negotiation of a development agreement with the Developer or its successor(s) or assignee(s) on final terms of an Urban Renewal Development Agreement not inconsistent with these preliminary terms for future consideration by the City Council.

(Council Communication No. 23-124)

MOVED BY \_\_\_\_\_ TO ADOPT.

SECOND BY \_\_\_\_\_.

★ Roll Call Number

Agenda Item Number

28

Date March 6, 2023

APPROVED AS TO FORM:

/s/ Gary D. Goudelock Jr.  
Gary D. Goudelock Jr.  
Assistant City Attorney

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

**CERTIFICATE**

I, LAURA BAUMGARTNER, 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