

Date August 7, 2023

RESOLUTION APPROVING URBAN RENEWAL DEVELOPMENT AGREEMENT WITH 36 ON 6TH, L.L.C. FOR THE RENOVATION OF 3614 6TH AVENUE

WHEREAS, 36 on 6th, L.L.C. (“Developer”), represented by Marquas Ashworth (President), proposes to undertake a historic renovation of the existing 10,000-square-foot building at 3614 6th Avenue for a mixed-use building, including commercial and multi-family residential uses (collectively “Improvements”) in the Oak Park Highland Park Urban Renewal Area; and

WHEREAS, construction of the Improvements is anticipated to be completed in July 2024 at an estimated total project cost of \$3,500,000.00, subject to receipt of the financial assistance identified below; and

WHEREAS, in lieu of commercial tax abatement, the Developer seeks approximately \$774,000 in project-generated tax increment on a cash basis (\$466,232 on a net-present-value at a 4.5% discount rate) to be paid with 95% of the project-generated building TIF in years one (1) through 20; and

WHEREAS, the projected total amount of tax increment financing (“TIF”) assistance shall to be capped at \$1,250,000.00; and.

WHEREAS, on June 26, 2023, by Roll Call No. 23-0914, the City Council approved preliminary terms, 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 authorized City staff to negotiate final terms of an Urban Renewal Development Agreement; and

WHEREAS, pursuant to the authority and direction of Roll Call No. 23-0914, the City’s Office of Economic Development has negotiated 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 terms of the Development Agreement, the project will receive \$809,000 in project-generated TIF grant on a cash basis, to be paid with 95% of the project-generated building TIF in years 1 through 20; and

WHEREAS, pursuant to the terms of the Development Agreement, the Developer agrees not pursue tax abatement and the project will require at least three of the units to meet certain affordability requirements; and

Date August 7, 2023

WHEREAS, at a meeting on July 18, 2023, the consensus of the members of the Urban Design Review Board present recommended approval of the final design and financial assistance as set forth above and in the Development 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 36 on 6th, L.L.C (“Developer”):
 - a. The fulfillment of Developer's obligations under the Development Agreement to undertake a historic renovation of the existing 10,000-square-foot building at 3614 6th Avenue for a mixed-use building, including commercial and multi-family residential uses, further the goals and objectives of the Oak Park – Highland Park Urban Renewal Plan by generating the following public gains and benefits:
 - i. it will advance the improvement and redevelopment of the Project Area in accordance with the Urban Renewal Plan;
 - ii. it will protect the health, safety, and general welfare of City residents;
 - iii. it will maintain and expand taxable property values;
 - iv. it will establish conditions which attract further new investments and prevent the recurrence or spread of blight and blighting conditions to the surrounding area; and
 - v. it will further the City’s efforts to retain and create job opportunities within the Project Area and surrounding area which might otherwise be lost; and
 - vi. it will further the City’s efforts to expand the availability of affordable housing.
 - 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 Development Agreement to construct the Project will generate the public gains and benefits stated above in subsection (a).
 - 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.
 - d. The development of the Project 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.

Date August 7, 2023

2. The Urban Renewal Development Agreement (“Agreement”) between the City and Developer and the Conceptual Development Plan attached thereto, and the Minimum Assessment Agreement, all 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 and the Minimum Assessment Agreement on behalf of the City of Des Moines, and the City Clerk is hereby further authorized and directed to send the Agreement to the Polk County Recorder for recording.
3. The City Manager or his 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. 23-356)

MOVED BY _____ TO ADOPT.

SECOND BY _____.

APPROVED AS TO FORM:

/s/ Lisa A. Wieland

Lisa A. Wieland, Assistant City Attorney

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

MOTION CARRIED

APPROVED

Mayor

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.

City Clerk