



Date December 23, 2024

RESOLUTION APPROVING FINAL TERMS OF AN URBAN RENEWAL DEVELOPMENT AGREEMENT WITH 515 WALNUT, LLC FOR THE CONSTRUCTION OF A 33-FLOOR HIGH RISE APARTMENT BUILDING AT 515 WALNUT STREET AND APPROVING CONCEPTUAL DEVELOPMENT PLAN

WHEREAS, 515 Walnut, LLC (“Developer”), represented by Joseph Teeling, Manager, proposes to undertake construction of a 33-floor high rise apartment building at 515 Walnut Street, which will consist of 390 multi-family units connected to the skywalk (collectively “Improvements”) in the Metro Center Urban Renewal Area; and

WHEREAS, construction of the Improvements is anticipated to commence by May 1, 2025, and be completed by December 31, 2027, at an estimated total project cost of \$148,000,000.00, subject to receipt of the financial assistance identified below; and

WHEREAS, pursuant to Roll Call No. 22-1802, approved on November 21, 2022, 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 Developer intends to seek a ten-year declining tax abatement for the project; and

WHEREAS, the proposed Development Agreement provides that in consideration of the Developer’s commencement and completion of the Improvements, the City will provide the following incentives:

- \$3.8 million in project-generated TIF (NPV at a 4.5% discount rate) based on the following schedule: 100% in years 9-10 and 90% in years 11-14, representing approximately 2.6% of the total project cost,
 - \$500,000 of a reallocated ARPA grant to be paid upon project completion and issuance of a certificate of completion,
 - \$1 million – release of funds provided by EMC and held in escrow, to the Project for the reconnection of the skywalks, to be paid in two installments as follows: \$500,000 on November 1st or the first business day thereafter, commencing November 1st of the first calendar following the assessment year that the 100% tax abatement is fully credited, and the remaining amount on the following November 1st, or the first business day thereafter; and
- and



Date December 23, 2024

WHEREAS, the Developer has further agreed, as stated in the Development Agreement, to maintain affordability, for the duration of economic development assistance, a minimum of thirty-nine (39) residential units shall be rented at no more than 65% HOME rent limits as determined by the United States Department of Housing and Urban Development for Polk County and restricted to households earning 80% or less of the Area Median Income, in addition to participation in and compliance with MidAmerican Energy's Commercial New Construction program and shall utilize all-electric construction for the Improvements; and

WHEREAS, at its meeting on February 21, 2023, the Urban Design Review Board voted 7-0 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 7-0 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 Developer:

- a. Developer's obligations under the Development Agreement to redevelop the Property for a thirty-three story residential apartment building, further the objectives of the Metro Center Urban Renewal Plan to encourage and facilitate residential uses 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; foster economic prosperity and stability by retaining existing businesses by providing affordable housing for their employers; 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 residential uses which support the 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.



Date December 23, 2024

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.

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 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.



Roll Call Number

Agenda Item Number

33-I (A)

Date December 23, 2024

(Council Communication No. 24-536)

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				
SIMONSON				
VOSS				
COLEMAN				
WESTERGAARD				
MANDELBAUM				
GATTO				
TOTAL				

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.

MOTION CARRIED

APPROVED

Mayor

City Clerk