



Date May 19, 2025

RESOLUTION APPROVING FINAL TERMS OF AN URBAN RENEWAL DEVELOPMENT AGREEMENT WITH HIGHLAND PARK FLATS LLC FOR THE CONSTRUCTION OF A 12-UNIT APARTMENT BUILDING LOCATED AT 3608 – 3610 5TH AVENUE

WHEREAS, Highland Park Flats LLC (“Developer”), represented by Jake Sparks, propose to undertake construction of a 12-unit apartment building at 3608-3610 5th Avenue (the “Improvements”) in the Oak Park-Highland Park Urban Renewal Area; and

WHEREAS, construction of the Improvements is anticipated to be completed in 2026 at a combined total project cost estimated at \$2,635,000, subject to receipt of the financial assistance identified below; and

WHEREAS, pursuant to Roll Call No. 24-1575, approved on November 18, 2024, 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 a capped tax increment financing (TIF) maximum incentive of \$252,608 in project-generated tax increment on a net-present-value basis (NPV) (at a 4.5% discount rate) based on the following schedule: 95% in years one (1) through five (5), 85% in years six (6) through 10, 80% in years 11-15, 70% in year 16. The TIF is estimated to comprise 9.5% of the total project financing; and

WHEREAS, the TIF set forth above is estimated to be 9.5% of the combined project cost; and

WHEREAS, at its meeting on April 15 2025, the Urban Design Review Board voted 5-0 with one abstention and five absences 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 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:



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- a. Developer's obligations under the Development Agreement to redevelop the Property as set forth in the Conceptual Development Plan attached to the Development Agreement and in form on file in the office of the City Clerk 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 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.

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 Development Services Department 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.



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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 Communication No. 25-194)

MOVED BY _____ TO ADOPT.

SECOND BY _____.

APPROVED AS TO FORM:

/s/ Gary Goudelock
Gary Goudelock
Assistant City Attorney

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.

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
BOESEN				
SIMONSON				
VOSS				
COLEMAN				
WESTERGAARD				
MANDELBAUM				
GATTO				
TOTAL				
MOTION CARRIED		APPROVED		

Mayor

City Clerk