

Date June 9, 2014

RESOLUTION APPROVING URBAN RENEWAL DEVELOPMENT AGREEMENT WITH EAST VILLAGE TOWER PARTNERS, LLC, FOR THE REDEVELOPMENT OF PROPERTY AT 600 E. 5TH STREET, AND APPROVING PROPOSED CONCEPTUAL DEVELOPMENT PLAN

WHEREAS, on October 21, 2013, by Roll Call No. 13-1646, the City Council approved preliminary terms of agreement with East Village Tower Partners, LLC (hereinafter "Tower Partners") represented by Jake Christensen of Christensen Development, its Managing Member, whereby Tower Partners proposed to redevelop the existing building at 600 E. 5th Street with 103 market rate residential units and first floor restaurant space, at a total estimated project cost of \$9.5 million, and to construct an additional 12 to 16 townhome units on the western portion of the site fronting on East 4th Street, in exchange for an undertaking by the City to pay an Economic Development Grant as a backstop to the Iowa Brownfield-Grayfield Tax Credits sought by the project, with the grant to be paid in ten annual installments having a net present value of \$1,050,000, reduced by the value of any such credits received by the project, all as more specifically described in Council Communication No. 13-513; and,

WHEREAS, by said Roll Call No. 13-1646, the City Council also directed the City Manager to proceed with negotiation of a formal agreement with Tower Partners consistent with the approved preliminary terms; and,

WHEREAS, the project is no longer expected to qualify for Iowa Brownfield-Grayfield Tax Credits, and the construction of the townhome units has been delayed and is no longer part of the proposed project; and,

WHEREAS, the City Manager has negotiated an Urban Renewal Development Agreement (the "Agreement") with Tower Partners whereby the Developer has agreed to make the following improvements to the property:

- To renovate the existing building to contain approximately 103 apartments with amenities including an exercise room, a business center, laundry facilities and on-site management;
- To provide approximately 5,000 square feet of space for restaurant use on the first floor;
- To retain the existing skilled nursing facility on the lower level at the southeast end of the building; and,
- To improve the property with additional off-street parking, landscaping and streetscape improvements

(hereinafter collectively referred to as the "Improvements"), in conformance with the proposed Conceptual Development Plan, in consideration of the City providing an Economic Development Grant in the amount of Eight Hundred Nine-Two Thousand, Five Hundred Dollars (\$892,500.⁰⁰), with the grant to be paid to Tower Partners in ten annual installments of \$89,250.⁰⁰; and,

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WHEREAS, the proposed Agreement and Conceptual Development Plan are on file and available for inspection in the office of the City Clerk; and,

WHEREAS, at its meeting on November 19, 2013, the members of the Urban Design Review Board voted 7-0 in support of a motion to recommend approval of the level of financial assistance as originally proposed and the final project design as reflected in the proposed Conceptual Development Plan.

NOW THEREFORE, BE IT RESOLVED, by the City Council of the City of Des Moines, Iowa, as follows:

1. The City Council hereby makes the following findings in support of the proposed Agreement with East Village Tower Partners, LLC:
 - a) Tower Partners' obligations under the Agreement to construct the Improvements furthers the objectives of the Urban Renewal Plan to preserve and create an environment which will protect the health, safety and general welfare of City residents, maintain taxable values and employment opportunities, and provide a range of housing opportunities within the Metro Center Urban Renewal Area.
 - b) The economic development incentives for the development of the Improvements shall be provided by the City to Tower Partners pursuant to the Urban Renewal Law and Chapter 15A of the Code of Iowa and Tower Partners' obligations under the Agreement to construct the Improvements will generate the following public gains and benefits: (i) it will advance the improvement and redevelopment of the River Hills 2011 Subarea of the Urban Renewal Area in accordance with the Metro Center Urban Renewal Plan; (ii) it will encourage further private investment and will attract and retain other businesses in the River Hills 2011 Subarea and the East Village Area to reverse the pattern of disinvestment and declining employment in the areas; (iii) it will further the City's efforts to create and retain job opportunities within the Urban Renewal Area which might otherwise be lost; and (iv) will provide additional housing opportunities within the Urban Renewal Area.
 - c) The construction of the Improvements is a speculative venture and the construction and resulting employment and redevelopment opportunities will not occur without the economic incentives provided by the Agreement.
 - d) The construction of the Improvements pursuant to the Agreement is 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 Metro Center Urban Renewal Project has been undertaken, and warrant the provision of the economic assistance set forth in the Agreement.

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2. The Conceptual Development Plan for the project, which is Exhibit "C" to the Agreement, is hereby approved,
3. The Urban Renewal Development Agreement between the City and East Village Tower Partners, LLC, is hereby approved.
4. The Mayor and City Clerk are hereby authorized and directed to execute the Agreement on behalf of the City of Des Moines.
5. Upon requisition by the City Manager or the City Manager's designee, the Finance Department shall advance the installments on the Economic Development Grant pursuant to Article 3 of the Agreement.
6. The City Manager or his designees are hereby authorized and directed to administer the Urban Renewal Development Agreement on behalf of the City and to monitor compliance by the Developer with the terms and conditions of the Agreement. The City Manager 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. 14- 259)

MOVED by Wensley to adopt.

FORM APPROVED:

Roger K Brown

Roger K. Brown

Assistant City Attorney

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COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE	✓			
COLEMAN	✓			
GATTO	✓			
GRAY	✓			
HENSLEY	✓			
MAHAFFEY	✓			
MOORE	✓			
TOTAL	7			

MOTION CARRIED

APPROVED

T. M. Franklin Mayor

CERTIFICATE

I, DIANE RAUH, 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.

Diane Rauh City Clerk