



Roll Call Number

15-0311

Agenda Item Number

26

Date February 23, 2015

RESOLUTION APPROVING URBAN RENEWAL DEVELOPMENT AGREEMENT WITH FORT DES MOINES RESTORATION, LLC, FOR THE REHABILITATION OF EXISTING BUILDINGS IN HISTORIC FORT DES MOINES FOR RESIDENTIAL USE, APPROVING PROPOSED CONCEPTUAL DEVELOPMENT PLAN, AND AUTHORIZING THE CITY MANAGER TO SIGN IOWA FINANCE AUTHORITY "EXHIBIT 5S LOCAL GOVERNMENT CONTRIBUTION" FOR 4% BOND ISSUE APPLICATION FOR FORT DES MOINES RESTORATION, LLC

WHEREAS, on October 21, 2013, by Roll Call No. 13-1647, the City Council approved preliminary terms of agreement with Fort Des Moines Restoration, LLC (the "Developer"), represented by Justin Doyle, Member, regarding a proposed \$26 million project to rehabilitate existing buildings in Historic Fort Des Moines into approximately 154 market rate housing units, and directed the City Manager to proceed with negotiation of a formal agreement consistent with the terms set forth in Council Communication No. 13-526; and,

WHEREAS, the City Manager has negotiated an Urban Renewal Development Agreement (the "Agreement") with the Developer, consistent with the preliminary terms of agreement, whereby the Developer has agreed to undertake the following Improvements in conformance with the proposed Conceptual Development Plan at an estimated total project cost of \$38 million:

- To renovate and rehabilitate each of the six structures existing on the project site for residential use, creating a total of approximately 142 affordable housing units;
- To improve and widen the private streets known as Gruber and Thayer Streets within the project area and provide sidewalks along those streets;
- To construct a total of approximately 130 parking spaces upon the project site, inclusive of parking spaces along the private streets;
- To upgrade the water and sewer lines as necessary to provide adequate public water and sewer service to serve the redevelopment of the project site; and,
- To incorporate sustainability measures and low impact storm water management practices in conformance with the approved site plan or Conceptual Development Plan, whichever imposes a higher standard,

all in conformance with the approved Conceptual Development Plan; and,

WHEREAS, the proposed Agreement further provides that in consideration of the undertakings by the Developer, the City shall provide an economic development grant payable in 30 semi-annual installments commencing on December 10, 2018, with each of the first 20 semi-annual installments to be in an amount equal to 50% of the annual incremental taxes generated by the redevelopment of the land and buildings, and each of the last 10 semi-annual installments to be in an amount equal to 37.5% of such annual incremental taxes; 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 6-1 with 1 abstention, to recommend approval of the proposed project design and the financial assistance to be provided by the City; and,

WHEREAS, the Developer is also seeking 4% Bond Financing for low and moderate income housing through the Iowa Financing Authority; and,

WHEREAS, the IFA application requires that a Local Government or Political Subdivision complete and execute an "Exhibit 5S, Local Government Contribution", listing any contribution to the project even though it is not competing with other projects for the funding; and,

WHEREAS, according to the IFA Qualified Allocation Plan, the "Local Government Contribution" from the City is defined to include the value of land or cash contribution, of tax abatement, the equity value of previously approved Enterprise Zone Credits, the value of previously approved Work Force Tax Credits, Tax Increment Financing, and any HOME or Community Development Block Grant funds; and,

WHEREAS, the City Contribution to the project consists of the Economic Development Grant to be paid in 30 semi-annual installments in the estimated total amount of \$2,037,983; and,

WHEREAS, a draft of the "Exhibit 5S Local Government Contribution" for the project is on file in the City Clerk's Office.

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 the Developer, Fort Des Moines Restoration, LLC:
 - a) The Developer's obligations under the Agreement to construct the Improvements as provided therein furthers the objectives of the Southside Economic Development District Urban Renewal Plan to preserve and create an environment which will protect the health, safety and general welfare of City residents, to restore a blighted area to productive use; and to encourage further private investment in the urban renewal area to provide employment opportunities and maintain taxable values.
 - b) The Developer's obligations under the Agreement to construct the Improvements will generate the following public gains and benefits: (i) it will advance the improvement

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- and redevelopment of the urban renewal area in accordance with the Southside Economic Development District Urban Renewal Plan; (ii) it will encourage further private investment to reverse the pattern of disinvestment and declining property values in the surrounding area; and, (iii) it will further the City's efforts to retain and create job opportunities within the urban renewal area which might otherwise be lost.
- c) The construction of the Improvements is a speculative venture and the construction and resulting benefits would not occur without the economic incentives provided by the Agreement.
 - d) The redevelopment of the Property pursuant to the 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 Conceptual Development Plan for the project, which is Exhibit "C" to the Development Agreement, is hereby approved,
 3. The Urban Renewal Development Agreement between the City and Fort Des Moines Restoration, LLC, is hereby approved, and the Mayor and City Clerk are hereby authorized and directed to execute the Agreement on behalf of the City of Des Moines.
 4. The City Clerk shall cause the Urban Renewal Development Agreement to be recorded in the office of the Recorder of Polk County, Iowa.
 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 4 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, including the filing of the Agreement, 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.
 7. The Mayor or his designee are further authorized and directed to complete and sign the "Exhibit 5S, Local Government Contribution" for the project. In the event that any of the project characteristics mentioned above should change prior to the Developer submitting the application to IFA, the Community Development Department Director or designee is authorized and directed to revise, and the City Manager is authorized and directed to

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execute the Exhibit 5S for unsubstantial project changes, and the City Manager is directed to submit substantial project changes (i.e. changes to type of property tax regime requested by developer) to City Council for further consideration and approval.

(Council Communication No. 15- 093)

MOVED by Gatto to adopt.

FORM APPROVED:

Roger K. Brown
Assistant City Attorney
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Table with 5 columns: COUNCIL ACTION, YEAS, NAYS, PASS, ABSENT. Rows include COWNIE, COLEMAN, GATTO, GRAY, HENSLEY, MAHAFFEY, MOORE, and TOTAL (7).

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.

Y. M. Franklin Council Mayor

Diane Rauh City Clerk