

★ Roll Call Number

18-0700

Agenda Item Number

35

Date April 23, 2018

**RESOLUTION APPROVING DEVELOPMENT AGREEMENT WITH RE3, LLC FOR
COMMERCIAL DEVELOPMENT AT 440 E. GRAND AVENUE,
AND APPROVING PROPOSED CONCEPTUAL DEVELOPMENT PLAN**

WHEREAS, on March 8, 2018, by Roll Call No. 18-0360, the City Council received Communication No. 18-104 setting forth a developer-initiated proposal and preliminary terms of agreement with RE3, LLC (represented by Tim Rypma, Member)(“Developer”) for restoration and redevelopment of the existing 7,658-square foot building located at 440 E. Grand Avenue (“Property”) and located in the City’s East Village, with upper-floor residential use and ground floor small scale restaurant and commercial uses (“Project”), and directing the City Manager to proceed with negotiation of a development agreement consistent with said proposal and preliminary terms; and

WHEREAS, the City Manager has negotiated an Urban Renewal Development Agreement (the “Development Agreement”) with the Developer, whereby the Developer has agreed to construct the Project, in accordance with a City-approved site plan and the Conceptual Development Plan, with a total project cost estimated at \$2.2 million; and

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

WHEREAS, the proposed Development Agreement provides that in consideration of the undertakings by Developer, the City shall provide economic development assistance for redevelopment of the Property in the form of an Economic Development Grant to be paid in 30 semi-annual installments, with each installment to be in a percentage established in the Development Agreement, starting at 100 percent in the first year and decreasing over the duration of the Agreement to 50 percent in the eleventh year, of the incremental taxes generated by redevelopment of the Property, excluding tax levy and taxes generated by the Downtown Des Moines Self-Supported Municipal Improvement District, in the estimated total amount of approximately \$423,000; and

WHEREAS, at its meetings on March 13, 2017 and March 27, 2018, the Urban Design Review Board voted 7-0-1 and 8-0-1 respectively in support of motions to recommend approval of final design as proposed by the Developer and set forth in the Conceptual Development Plan attached to 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 RE3, LLC (Developer):

- a. Developer’s obligations under the Development Agreement to construct the Improvements furthers the objectives of the Metro Center Urban Renewal Plan to preserve and create an environment which will protect the health, safety and general welfare of City residents, to encourage the development of affordable and market-rate housing in decent, safe and sanitary conditions in attractive settings to serve employees and other people who would like to live, work and retain employment in the downtown area, to provide a variety of locations to serve the different housing markets within the City, and to maintain taxable values and employment opportunities within the Urban Renewal Project Area.
- b. The economic development incentives for the development of the Improvements 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 Agreement to construct the Improvements will generate the following public



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- gains and benefits: (i) it will advance the improvement and redevelopment of the Urban Renewal Project Area in accordance with the Urban Renewal Plan; (ii) it will establish conditions which attract further new investments and prevent the recurrence of blight and blighting conditions; (iii) it will further the City's efforts to retain and create job opportunities within the Project Area which might otherwise be lost; (iv) it will encourage further private investment to reverse the pattern of disinvestment and declining property values in the Project Area; and (v) it will further the City's efforts to retain and create job opportunities within the Project Area which might otherwise be lost.
- c. The construction of the Improvements is a speculative venture and the construction and resulting employment and redevelopment opportunities would not occur without the economic incentives provided by the Development Agreement.
- d. The redevelopment 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 RE3, LLC, 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 the Agreement on behalf of the City of Des Moines.

3. Upon requisition by the City Manager or the City Manager's designee, the Finance Department shall advance the installments on the Economic Development Assistance pursuant to Article 4 of the Development Agreement.

4. The City Manager or his designees 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 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 Comm. No. 18-194)

MOVED BY Gatto TO ADOPT.

APPROVED AS TO FORM:

Lawrence R. McDowell, Deputy City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE	✓			
BOESEN	✓			
COLEMAN	✓			
GATTO	✓			
GRAY	✓			
MANDELBAUM	✓			
WESTERGAARD	✓			
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