



Roll Call Number

21-0981

Agenda Item Number

32

Date June 28, 2021

RESOLUTION APPROVING URBAN RENEWAL DEVELOPMENT AGREEMENT WITH URBAN CAMPUS APARTMENTS L.L.L.P., HATCH DEVELOPMENT GROUP, LLC, AND KIERNAN DEVELOPMENT & CONSTRUCTION, LLC (JACK HATCH, MICHAEL KIERNAN) FOR THE CONSTRUCTION OF A MULTI-RESIDENTIAL HOUSING PROJECT LOCATED AT 1230 6TH AVENUE

WHEREAS, Urban Campus Apartments L.L.L.P., property owner, Hatch Development Group, LLC, represented by Jack Hatch, Principal, and Kiernan Development & Construction, LLC, represented by Michael Kiernan, President and Owner (collectively “Developer”), propose to undertake new construction of a multi-residential housing project located at 1230 6th Avenue, within the Metro Center Urban Renewal Area and known as the Sixth Avenue Flats, which is expected to contain 5 stories and approximately 42 apartments, including a mix of one-, two- and three-bedroom units and a minimum of 5 live/work loft storefront apartments at street level (collectively “Improvements”), at an estimated total project cost of \$9,200,000.00 and subject to receipt of Low-Income Housing Tax Credits (LIHTC) and State Workforce Housing Tax Credits; and

WHEREAS, Developer is partnering with the non-profit organization Youth and Shelter Services (YSS) to reserve a portion of apartment units in the Improvements for youth who have been homeless and have aged out of the State foster care program, with the remaining apartments restricted to households earning sixty percent or less of the median area income and with anticipated purchase of the property by Youth and Shelter Services fifteen years following project completion, and Developer is further working with the Des Moines Area Community College (DMACC) to provide educational opportunities to residents through the State of Iowa All Iowa Opportunity Scholarships program; and

WHEREAS, construction of the Improvements is anticipated to commence in May 2021 and to be completed in June 2022; and

WHEREAS, pursuant to Roll Call No. 21-0703, approved on May 10, 2021, 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, the City will provide an economic development forgivable loan to Developer in the amount of \$164,000.00, to be paid upon City’s issuance of the certificate of completion for the Improvements and no earlier than July 1, 2022, with loan forgiveness available in October 2039 subject to full compliance by Developer with said Agreement; and

WHEREAS, the Developer has agreed to participate in and comply with MidAmerican Energy’s Commercial New Construction Energy Efficiency Program in accordance with the project’s LIHTC designation; to exceed American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) Standard 90.1-10 by twenty percent; and to provide one electric vehicle (EV) charging station on the Property; and



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WHEREAS, the Developer has further agreed to maintain affordability requirements on the Property by reserving at least five apartment units for YSS youth that have been homeless and are in the foster care program, and committing all remaining units to affordable housing, prioritizing but not limited to the YSS client base for non-homeless youth who are aging out of the foster care system, by restricting rent structures in the duration and form as set forth in the Agreement; and

WHEREAS, at its meeting on May 18, 2021, the Urban Design Review Board voted 8-0 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, subject to exploration of the use of modular brick in lieu of utility brick and modification of bay windows and color matching mortar with which conditions the Developer has complied, and for 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 Urban Campus Apartments, L.L.L.P., Hatch Development Group, LLC, and Kiernan Development & Construction, LLC (collectively "Developer"):
 - a. Developer's obligations under the Development Agreement to redevelop the Property for commercial and residential uses 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 and expand taxable values and employment opportunities within the Metro Center Urban Renewal Project Area.
 - 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 advance the improvement and redevelopment of the Project Area in accordance with the Metro Center 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 provide housing in decent, safe and sanitary conditions in an attractive setting to serve employees and other people who would like to live in the downtown area; and (iv) it will encourage further private investment and will attract and retain residents and businesses in the downtown area of the City of Des Moines to reverse the pattern of disinvestment and declining resident population.
 - 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, subject to receipt of Low-Income Housing Tax Credits (LIHTC) and State Workforce Housing Tax Credits.
 - 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 Developer, and the Conceptual Development Plan attached thereto, both as on file in the office of the City Clerk, are hereby approved, and the



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32

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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 Development Services Director 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 Department 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 Department 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 Comm. No. 21-285)

MOVED BY Gatto TO ADOPT.

APPROVED AS TO FORM:

/s/ Glenna K. Frank

Glenna K. Frank, Assistant City Attorney

| COUNCIL ACTION | YEAS | NAYS | PASS | ABSENT |
|----------------|------|------|------|--------|
| BOESEN | ✓ | | | |
| COWNIE | ✓ | | | |
| GATTO | ✓ | | | |
| GRAY | ✓ | | | |
| MANDELBAUM | ✓ | | | |
| VOSS | ✓ | | | |
| WESTERGAARD | ✓ | | | |
| TOTAL | 7 | | | |

MOTION CARRIED

APPROVED

J. M. Franklin Cownie
Mayor

CERTIFICATE

I, P. KAY CMELIK, 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.

P. Kay Cmelik

City Clerk