



Roll Call Number

23-0103

Agenda Item Number

16

Date January 23, 2023

RESOLUTION APPROVING FINAL TERMS OF AN URBAN RENEWAL DEVELOPMENT AGREEMENT WITH UNION AT RIVERS EDGE, LP (THE ANNEX GROUP) FOR THE CONSTRUCTION OF A NEW 216-UNIT MULTI-FAMILY APARTMENT PROJECT ON PROPERTY LOCATED AT 1600 INDIANOLA AVENUE

WHEREAS, Union At River’s Edge, LP (The Annex Group, 409 Massachusetts Avenue, Suite 300, Indianapolis, IN 46204) (“Developer”), represented by Kyle Bach, General Partner, proposes to construct a new 216-Unit Multi-Family Apartment project (the “Project”) on property located at 1600 Indianola Avenue (formerly known as 214 Jackson) in the Metro Center Urban Renewal Area; and

WHEREAS, the Project will consist of two buildings to be constructed simultaneously, including a 6-story building with 192 apartment units, and a 3-story building with 24 apartment units; and

WHEREAS, the Project is anticipated to cost approximately \$56.1 million and when completed, the Project will be dedicated to affordable housing by keeping the average rental rate at no more than 60% of the Polk County rent limits and corresponds to individuals who earn an average of sixty percent (60%) or less of the area median income (AMI); and

WHEREAS, on or about August 8, 2022, by Roll Call No. 22-1256, the City Council approved preliminary terms, which provides for tax increment financing (TIF) to respond to a construction financing gap on the Project, as presented by the development team and vetted by city staff and authorized City staff to negotiate final terms of an Urban Renewal Development Agreement; and

WHEREAS, pursuant to the authority and direction of Roll Call No. 22-1256, the Office of Economic Development has negotiated final terms of a Development Agreement as follows: the Developer will construct the Project in accordance with the Conceptual Plan Development Plan as attached to the Development Agreement, and in consideration therefore, the project will receive project-generated TIF grant funding representing 100% of the increment on the new building valuation (exclusive of land) commencing in year nine (9) when the residential tax abatement starts declining through year 11, followed by 95% in years 12-15, and 90% in years 16-17, with a capped maximum amount of assistance at \$2.9 million on a net present value (NPV) basis; and

WHEREAS, at a meeting on November 15, 2022, the consensus of the members of the Urban Design Review Board present recommended approval of the financial assistance as set forth above and in the Development Agreement; and

WHEREAS, at its meeting on December 15, 2022, the City Plan and Zoning Commission voted 9-2 on a motion to approve the public hearing site plan and Type 2 design alternatives, subject to compliance with all administrative review comments.



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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 Union at Rivers Edge, L.P. (“Developer”):
 - a. The fulfillment of Developer's obligations under the Development Agreement to redevelop the Project for multifamily, affordable housing further the goals and objectives of the Metro Center Urban Renewal Plan by generating the following public gains and benefits:
 - i. it will advance the improvement and redevelopment of the Project Area in accordance with the Urban Renewal Plan;
 - ii. it will protect the health, safety, and general welfare of City residents;
 - iii. it will maintain and expand taxable property values;
 - iv. it will establish conditions which attract further new investments and prevent the recurrence or spread of blight and blighting conditions to the surrounding area; and
 - v. it will further the City’s efforts to retain and create job opportunities within the Project Area and surrounding area which might otherwise be lost.
 - 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 the Development Agreement to construct the Project will generate the public gains and benefits stated above in subsection (a).
 - 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 Project 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 Union at Rivers Edge, L.P., and the Conceptual Development Plan attached thereto, both as on file in



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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 City Manager 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.
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 Communication No. 23-046)

MOVED BY Mandelbaum TO ADOPT.

SECOND BY Voss

APPROVED AS TO FORM:

/s/ Gary D. Goudelock Jr.

Gary D. Goudelock Jr.
Assistant City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
BOESEN	✓			
COWNIE	✓			
GATTO		✓		
MANDELBAUM	✓			
SHEUMAKER	✓			
VOSS	✓			
WESTERGAARD	✓			
TOTAL	6	1		

MOTION CARRIED APPROVED

J. M. Frankhu Cownie Mayor

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.

Laura Baumgartner City Clerk