



Roll Call Number

23-0404

Agenda Item Number

36

Date March 27, 2023

RESOLUTION APPROVING PRELIMINARY TERMS OF AN URBAN RENEWAL DEVELOPMENT AGREEMENT WITH HOA DEVELOPMENT, LLC FOR THE CONSTRUCTION OF A 186-UNIT MIXED-USE APARTMENT BUILDING LOCATED AT 603 EAST 6TH STREET

WHEREAS, HOA Development LLC (515 East Locust Street, Suite 100, Des Moines, IA 50309) (“Developer”), represented by Chuck Ullrich, Vice President and Chief Financial Officer, proposes to construct a new 186-unit mixed use apartment building at 607 E. 6th Street; and

WHEREAS, the project will consist of a mixed-use apartment building on a 1.226-acre infill site within the Historic East Village Neighborhood and will contain 186 living units as well as at least 4,000 square feet of commercial space on the first floor, a fitness center, resident gathering and commons spaces, a dog park, and covered indoor parking; and

WHEREAS, the project is anticipated to cost approximately \$44 million and when completed is expected to provide at least 10% of the residential units at an affordable rent structure of 65% HOME Rent Limits and available to households earning 80% or less of the area median income (AMI) level; and

WHEREAS, the City’s Office of Economic Development has negotiated preliminary terms of an Urban Renewal Development Agreement with the Developer, all as more specifically described in the accompanying Council Communication, 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

WHEREAS, under the preliminary terms of the Development Agreement, the project will receive project-generated TIF grant capped at a maximum value of \$4.5 million in project-generated tax increment on a net-present-value basis {NPV} (at a 4.5% discount rate) based on the following schedule: \$50,000 in year eight (8), 95% in years nine (9) through fifteen (15), 90% in years 16-20; and.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Des Moines, Iowa, that the preliminary terms of agreement with HOA Development LLC, as described above and in the accompanying Council Communication, are hereby received and filed and the City Manager and/or his designee are hereby directed to proceed with negotiation of a development agreement with the Developer or its successor(s) or assignee(s) on final terms of an Urban Renewal Development Agreement not inconsistent with these preliminary terms for future consideration by the City Council.

(Council Communication No. 23-161)

MOVED BY *Datto* TO ADOPT.

SECOND BY *Boesen*.



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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. Frank 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