



Roll Call Number

23-1618

Agenda Item Number

22

Date November 20, 2023

**RESOLUTION APPROVING A FIRST AMENDED AND RESTATED URBAN RENEWAL DEVELOPMENT AGREEMENT WITH HOYT, LLC FOR THE CONSTRUCTION OF A 47-UNIT APARTMENT BUILDING AT 610 16<sup>TH</sup> STREET AND A 44-UNIT APARTMENT BUILDING AT 1619 AND 1613 HIGH STREET AND APPROVING CONCEPTUAL DEVELOPMENT PLAN**

**WHEREAS**, on February 6, 2023, the City Council approved the final terms of an urban renewal development agreement with Hoyt, LLC (“Developer”) for the construction of a 47-unit apartment building at 610 16<sup>th</sup> Street (“Phase 1 Improvements”) and approved the associated conceptual development plan;

**WHEREAS**, the City’s Office of Economic Development has negotiated a First Amended and Restated Urban Renewal Development Agreement (the “Development Agreement” or “Agreement”) with the Developer, whereby the Developer has agreed to construct Phase 2 Improvements, in addition to the Phase 1 Improvements already approved, both 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 Phase 2 Improvements will include the construction of a 44-unit residential building located at 1619 and 1613 High Street; and

**WHEREAS**, the Developer’s investment for the Phase 2 Improvements is estimated to be \$11,700,000.00; and

**WHEREAS**, construction of the Improvements is anticipated to commence in the spring of 2023 with completion anticipated in the summer of 2024, and the estimated total project cost is \$10,500,000.00, for the Phase 1 improvements and \$11,700,000.00 for the Phase 2 improvements subject to receipt of the financial assistance identified below; and

**WHEREAS**, Developer agrees not to apply for tax abatement for the Phase 2 Improvements; and

**WHEREAS**, the proposed Development Agreement provides that in consideration of the Developer’s timely completion of the Phase 2 Improvements, the City will provide an economic development grant for grant for 20 years in the following percentages of the project-generated tax increment (TIF) for taxable building valuations (exclusive of land), capped at \$2,400,000, as follows:

- i. Years 1-8: one-hundred percent (100%) of the Project TIF,
- ii. Years 9-12: ninety-five percent (95%) of the Project TIF,
- iii. Years 13-15: ninety percent (90%) of the Project TIF,
- iv. Years 16-18: eighty-five percent (85%) of the Project TIF, and
- v. Years 19-20: seventy-five percent (75%) of the Project TIF; and



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WHEREAS, at its meeting on November 7, 2023, the Urban Design Review Board voted 7-0 to recommend approval of final design of the Phase 2 Improvements as proposed by the Developer and set forth in the Conceptual Development Plan incorporated in the Development Agreement, and voted 7-0 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 Developer:

- a. Developer's obligations under the Development Agreement to develop the Property with Phase 1 and Phase 2 Improvements, furthers the objectives of the Metro Center Urban Renewal Plan to encourage and facilitate clearing, reconstructing, and/or rehabilitating slum and/or blighted areas in the City; to stimulate economic revitalization of the Urban Renewal Area; to encourage use of under-utilized land in the Urban Renewal Area; to remove conditions within the Urban Renewal Area that have prevented normal development of land by private enterprise; and to remove stagnant and unproductive conditions of land which is otherwise useful and viable for contributing to the public health, safety, and welfare.
- 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 Urban Renewal Plan; (ii) it will protect the health, safety, and general welfare of City residents; (iii) it will maintain and expand taxable property; and (iv) it will alleviate a shortage of housing.
- c. The construction of the Project is a speculative venture and the construction and the construction and resulting benefits would not occur without the economic incentives provided by the Development Agreement.
- d. The development 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 First Amended and Restated 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 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.

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3. The Director of the Office of Economic Development 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 Development 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 Development 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. 23-512)

Motion by Mandelbaum failed, no second.

MOVED BY Boesen TO ADOPT.

SECOND BY Coleman.

APPROVED AS TO FORM:

/s/ Lisa A. Wieland

Lisa A. Wieland, Assistant City Attorney

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

MOTION CARRIED

APPROVED

J. M. Frankin 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