



Roll Call Number

24-0751

Agenda Item Number

29

Date May 20, 2024

RESOLUTION APPROVING PRELIMINARY TERMS OF AN URBAN RENEWAL DEVELOPMENT AGREEMENT WITH RUAN REDEVELOPMENT PARTNERS, LLC FOR THE CONVERSION OF EXISTING 14-STORY OFFICE BUILDING INTO A MIXED-USE MULTI-FAMILY HOUSING DEVELOPMENT

WHEREAS, Ruan Redevelopment Partners, LLC, a Kansas limited liability company ("Developer"), proposes to undertake the redevelopment of an existing 14-story office building located at 601 Locust Street for a mixed-use development, including commercial and multi-family residential uses (collectively "Improvements") in the Metro Center Urban Renewal Area; and

WHEREAS, completion of the Improvements is expected to result in approximately 221 new residential units along with commercial space on the skywalk level; and

WHEREAS, construction of the Improvements is anticipated to be completed in 2026 at an estimated total project cost of \$81,200,000.00, subject to receipt of the financial assistance identified below; and

WHEREAS, the Developer has provided the Office of Economic Development with a financial analysis of the project, indicating a gap between actual project costs and the project appraisal and seeks this financial assistance package to be provided from project generated tax increment as more specifically described in the accompanying Council Communication; 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 the 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 with an estimated value of \$2.77 million in project-generated tax increment on a net-present-value basis {NPV} (at a 4.5% discount rate) based on the following schedule: 95% in years 9 through 12, 90% in years 13 – 15, 80% in years 16 – 18, and 70% in years 19 – 20.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Des Moines, Iowa, that the preliminary terms of agreement with Ruan Redevelopment Partners, 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.

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(Council Communication No. 24-220)

MOVED BY Gatto 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	✓			
SIMONSON	✓			
VOSS	✓			
COLEMAN	✓			
WESTERGAARD	✓			
MANDELBAUM	✓			
GATTO	✓			
TOTAL	7			
MOTION CARRIED			APPROVED	

Connie Bresser 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