



Roll Call Number

24-0871

Agenda Item Number

30

Date June 17, 2024

RESOLUTION APPROVING FINAL 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 2027 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, pursuant to Roll Call No. 24-0751, approved on May 20, 2024, the City Council directed the City Manager or his designee 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 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 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.

WHEREAS, at its meeting on June 4, 2024, the Urban Design Review Board voted 7-0 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 and voted 7-0 to recommend approval of financial assistance as set forth above and in said Agreement.



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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 Developer:

- a. Developer's obligations under the Development Agreement to redevelop the Property for a multi-family residential and commercial uses furthers the objectives of the Metro Center Urban Renewal Plan to: (a) advance the improvement and redevelopment of the Project Area in accordance with the Urban Renewal Plan; (b) protect the health, safety, and general welfare of City residents; (c) maintain and expand taxable property values; (d) establish conditions which attract further new investments and prevent the recurrence or spread of blight and blighting conditions to the surrounding area; and (e) 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 this Agreement to construct the Improvements will generate the following public gains and benefits: (i) it will encourage and assist with the redevelopment and/or removal of blighted, obsolete, and underutilized properties within the Project Area; (ii) it will facilitate the development and re-development of commercial uses for the creation and retention of jobs in the City of Des Moines; and (iii) it will increase the overall tax base.
- 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 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 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 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 and to enable the Finance Director to make any appropriate disclosure filings in accordance with the City's adopted revised Disclosure Policy..



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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. 24-274)

MOVED BY Gatto TO ADOPT. SECOND BY Voss

FORM APPROVED:

/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			

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.

Conie Boesen Mayor

Laura Baumgartner City Clerk