



Roll Call Number

25-0588

Agenda Item Number

35

Date April 21, 2025

**RESOLUTION APPROVING FINAL TERMS OF AN URBAN RENEWAL
DEVELOPMENT AGREEMENT WITH TOWNHALL ASSOCIATES LP FOR THE
HISTORIC RENOVATION OF 1601 6TH AVENUE INTO A MIXED-USE
RESIDENTIAL AND COMMERCIAL DEVELOPMENT, AND THE NEW
CONSTRUCTION OF A MIXED-USE RESIDENTIAL AND COMMERCIAL
BUILDING AT 1605, 1609, AND 1619 6TH AVENUE**

WHEREAS, Townhall Associates LP (“Developer”), represented by Ntontan Real Estate and Newbury Living proposes the renovation of a 4,800-square-foot historic two (2) story building at 1601 6th Avenue and construction of a mixed-use building located at 1605, 1609, and 1619 6th Avenue; and

WHEREAS, the project will include a coffee shop on the first floor and five (5) residential units on the upper level and first floor of the historic building. The project scope also includes a new construction three (3)-story mixed-use building to include three (3) kitchen spaces and a community seating and gathering space as part of the community food hall concept, and 24 residential units; and

WHEREAS, the project is anticipated to cost approximately \$13.1 million with construction expected to begin no later than the Summer of 2025 and be completed by the end of 2026; and

WHEREAS, on December 12, 2022, by Roll Call Number 22-1888, this project was previously awarded an economic development loan in the amount of \$300,000, and a Neighborhood Commercial Revitalization grant in the amount of \$160,000, however, due to a change in the scope and nature of the project, it no longer qualifies for economic development assistance pursuant to the programs under which the previous grant was awarded; and

WHEREAS, the previously-approved Development Agreement was amended and restated on October 2, 2023 by Roll Call Number 23-1340; and

WHEREAS, City Council approved preliminary terms for the newly-negotiated Development Agreement on February 19, 2024 by Roll Call Number 24-0258; and

WHEREAS, pursuant to the authority granted to it by Roll Call Number 24-0258, the City’s Office of Economic Development has negotiated final terms of an Urban Renewal Development Agreement with the Developer, all as more specifically described in the accompanying Council Communication and in form on file in the office of the City Clerk; and

WHEREAS, the Urban Renewal Development Agreement provides a loan in the amount of \$300,000 which will be repaid through the tax-increment generated by the project in years one (1) through 20. In the event the actual tax increment generated from the project fully repays the

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\$300,000 loan prior to year 20, the project will be eligible to receive 100% of project-generated tax-increment in excess of \$300,000 NPV up to an additional maximum of \$160,000 (NPV at a 4.5% discount rate); and

WHEREAS, the Developer has further agreed, as stated in the Development Agreement, to maintain affordability, for the 20-year duration of economic development assistance, of 26 residential units restricted to households earning sixty percent (60%) or less of the area median income and at least 3 units for households earning 30% AMI or less, in addition to participation in and compliance with MidAmerican Energy's Commercial New Construction program and subject to a Minimum Assessment Agreement; and

WHEREAS, at its meeting on March 4, 2025, the Urban Design Review Board voted 9-0 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 with some requested adjustments for a larger landscaping canopy, operable windows, and encouragement of indoor bike storage, and voted 9-0 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 redevelop the Property for a mixed-use building, including commercial and multi-family residential uses, further the objectives of the Metro Center Urban Renewal Plan to encourage and facilitate high quality commercial, mixed use and residential uses and the associated employment opportunities and slum and blight elimination within the Plan area; provide a diversity of housing options to accommodate residents of all ages, income levels, household sizes, and cultural backgrounds; preserve, maintain, and improve the existing inventory of multi-family housing; foster economic prosperity and stability by retaining existing businesses; further Des Moines' revitalization efforts to improve the strength, stability, and vitality of the Project Area; and protect Des Moines' historic and cultural assets that contribute to neighborhood and community identity.
- 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

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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, mixed use and residential uses for the creation and retention of jobs in the City of Des Moines; (iii) it will provide a diversity of housing options; increase the overall tax base; and (iv) it will maximize the return on past investment in road and public utility networks.

- 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 Urban Renewal Development Agreement previously agreed to between the City and Developer by Roll Call Numbers 22-1888 and 24-025 , and the Conceptual Development Plan attached thereto, both as on file in the office of the City Clerk, are hereby terminated pursuant to the terms thereof and agreement of Developer, and the City Manager or his designee is authorized to execute any release or other documentation to effectuate such termination.

3. 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.

(Council Communication No. 25-163)

Moved by Coleman to adopt. Second by Mandelbaum

APPROVED AS TO FORM:

/s/ Gary D. Goudelock Jr.

Gary D. Goudelock Jr.

Assistant City Attorney



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COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
BOESEN	✓			
SIMONSON	✓			
VOSS	✓			
COLEMAN	✓			
WESTERGAARD	✓			
MANDELBAUM	✓			
GATTO	✓			
TOTAL	7			
MOTION CARRIED		APPROVED		

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.

Connie Boren

Mayor

Laura Baumgartner

City Clerk