



Roll Call Number

25-1683

Agenda Item Number

20

Date December 22, 2025

**RECOMMENDATION OF DEVELOPER SELECTION AND APPROVAL
OF PRELIMINARY TERMS OF URBAN RENEWAL DEVELOPMENT
AGREEMENT WITH THE ANNEX GROUP FOR CONSTRUCTION OF
A SIX-STORY, MIXED-USE BUILDING AT 100 SW 5TH STREET**

WHEREAS, the County is the owner of certain real property consisting of approximately two (2) acres and is bounded by 6th Avenue to the West, Cherry Street to the North, 5th Avenue to the East, and a railroad line to the South and locally known as 100 5th Avenue in Des Moines (referred to herein as the “Property”); and

WHEREAS, in June 2024, the County sought proposals for redevelopment and determined after review that the proposals received did not satisfy the County’s goals with respect to the redevelopment of the Property; and

WHEREAS, in December 2024, the City and the County collaborated on an additional request for proposals process and obtained additional proposals for the Property’s redevelopment; and

WHEREAS, City and County entered into an Agreement pursuant to Iowa Code Chapter 28E to formalize their individual and joint responsibilities and rights with respect to redevelopment of the Property; and

WHEREAS, the City’s obligations under the Agreement were to assist in soliciting and evaluating development proposals and negotiate economic development assistance as appropriate; and

WHEREAS, the City’s Office of Economic Development has received and reviewed proposals for the Property’s redevelopment and is recommending selection of The Annex Group (“Developer”) be chosen to acquire and develop the Property; and

WHEREAS, the Developer’s proposal includes a six (6)-story, mixed-use building comprising 6,000 square feet of commercial space, public-facing tenant amenity spaces, a leasing office, and internal-building vehicular parking stalls are proposed for the first floor. 280 housing units are proposed for floors two (2) thru six (6), in a mix that includes 115 one (1)-bedroom, 110 two (2)-bedroom, and 55 three (3)-bedroom units. Proposed tenant amenities include indoor bicycle storage facilities, a community room, fitness center, internal resident courtyard, and onsite storage units; and



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WHEREAS, The Developer has committed to providing 20% 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) levels for 30 years; and

WHEREAS, there is an apparent financing gap in the Developer's proposal which could be addressed through the adoption of an Urban Renewal Development Agreement ("URDA") utilizing Tax Increment Financing; and

WHEREAS, the City's Office of Economic Development has negotiated preliminary terms of a URDA as follows:

1. a capped TIF maximum value of \$5.14 million in project-generated tax increment on a net-present-value (NPV) basis (at a 4.5% discount rate) based on the following schedule:
 - 90% in years one (1) through 10 and
 - 85% in years 11 through 20.
2. The Developer intends to file for 10-year declining residential tax abatement on the project. The TIF is estimated to comprise 6.8% of the total project financing.
3. An additional "ground-floor commercial occupancy" grant is proposed to incentivize commercial occupancy by desirable, "activating" uses in the Downtown core. An additional incentive of \$5 per square foot would be paid to The Annex Group for occupied ground-floor commercial tenants (maximum of \$30,000 per year). Funds for this grant would be from projected-generated tax increment.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Des Moines, Iowa that:

1. The Annex Group is recommended as the selected Developer to acquire and rehabilitate the Property pursuant to the terms of an Urban Renewal Development Agreement to be negotiated pursuant to the preliminary terms set forth in the accompanying Council Communication.
2. The City Council hereby approves the preliminary terms set forth in the accompanying Council Communication.
3. The City Manager and/or his designee is hereby authorized and directed to negotiate final terms of an Urban Renewal Development Agreement for future consideration by the City Council.

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(COUNCIL COMMUNICATION NO 25- 474)

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

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 Lassan

Mayor

Laura Baumgartner

City Clerk