

## COUNCIL COMMUNICATION

	Number:	<b>19-533</b>	Meeting:	<b>December 16, 2019</b>
	Agenda Item:	<b>35</b>	Roll Call:	<b>19-2020</b>
	Submitted by:	<b>Erin Olson-Douglas, Economic Development Director</b>		

### AGENDA HEADING:

Resolution approving First Amendment to the Urban Renewal Development Agreement with Jarcor, LLC for the Argonne Apartment Building renovation project, located at 1723 Grand Avenue.

### SYNOPSIS:

Recommend approval of the First Amendment to the Urban Renewal Development Agreement with Jarcor, LLC (Joe Cordaro, Principal, 950 Office Park Road, Suite 300, West Des Moines, IA 50265) for the Argonne Apartments renovation project, consisting of a proposed \$8 million renovation to the existing, vacant apartment building and commercial space at 17th Street and Grand Avenue.

The First Amendment increases the minimum assessed value indicated in the agreement from \$4,500,000 to \$5,600,000, based on a recent appraisal and additional information provided by the Developer. The amendment also revises the construction start date and completion times, and now shows the construction commencing in February 2020 and completed by December 15, 2020.

The financial incentive terms of the Agreement are fixed and remain as what had previously been approved. The project will be eligible for 10-year declining tax abatement and will receive 100% of the project generated tax increment from the taxable building valuations (exclusive of land) in years 8-20. Having a higher minimum assessed valuation will be beneficial to the ultimate return on investment for the City.

### FISCAL IMPACT: NONE

### ADDITIONAL INFORMATION:

- The Argonne Apartment Building consists of a 4-story brick structure and a 1-story annex that was originally constructed in 1919 at the corner of Grand Avenue and 18th Street. The first floor of the building contains commercial retail space and the upper floors of the building have 43 existing efficiency apartments. The building has historically operated as residential, retail, auto garage hybrid, with smaller upper floor apartments that served as housing for factory workers employed at the Ford auto plant located across Grand Avenue.

- Jarcor, LLC intends to perform an \$8 million historically compatible rehabilitation to the building that will provide for a total of 45 dwelling units, with the majority being studio apartments that will serve as workforce housing proximate to surrounding employers. Much of the first floor will remain commercial; however, two (2) commercial bays along 18th Street will be converted into six (6) apartment units.
- The historic rehabilitation would utilize state and federal Historic Tax Credits, with all work undertaken following the Secretary of the Interior's Standards and Guidelines for Historic Rehabilitation. The Iowa Economic Development Authority (IEDA) is no longer accepting applications to utilize the state's Workforce Housing Tax Credit Program at this time, which has been a common financial source utilized on most recent multi-family projects.
- The Developer has conducted an analysis of the building by a structural engineer that indicates several substantial structural deficiencies that need to be addressed to stabilize the integrity of the building, but lead to a substantial cost gap on the project.
- Noticeable exterior improvements will include new window and storefront replacement, brick cleaning and tuckpointing, refurbishment and repair of warehouse windows and segments of brick. Heating, ventilation and air conditioning (HVAC) will be centralized to avoid having window-mounted air conditioning units that exist currently.
- The project is now slated for an early 2020 construction start date with completion anticipated in December of 2020. The project has been delayed slightly to allow additional time for financing to be secured and obtain a firmer scope of work provided by the general contractor.

**PREVIOUS COUNCIL ACTION(S):**

Date: May 20, 2019

Roll Call Number: [19-0804](#)

Action: [Urban](#) Renewal Development Agreement with Jarcor, LLC (Joe Cordaro, Principal) for the historic renovation of the Argonne Apartments Building at 1723 Grand Avenue for a mixed-use residential and commercial development. ([Council Communication No. 19-216](#)) Moved by Gatto to adopt. Motion Carried 7-0.

**BOARD/COMMISSION ACTION(S):**

Board: Plan and Zoning Commission

Date: May 16, 2019

Resolution Number: 10-2019-7.113

Action: Motion to recommend approval of a Site Plan "Argonne Building Rehabilitation" under design guidelines for multiple-family dwellings, approved by a 9-0 vote.

Board: Urban Design Review Board

Date: May 7, 2019

Resolution Number: N/A

Action: A consensus of the members present recommend final approval of the design and financial assistance.

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

City Council approval of Minimum Assessment Agreement document, done when project is completed or nearly completed.

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