


COUNCIL COMMUNICATION

 CITY OF DES MOINES OFFICE OF THE CITY MANAGER	Number:	23-545	Meeting:	December 4, 2023
	Agenda Item:	17	Roll Call:	23-1691
	Submitted by:	Cody Christensen, Development Services Director		

AGENDA HEADING:

Resolution approving final terms of an Urban Renewal Development Agreement with Center at Sixth, for the construction of a mixed-use project located at 1760 6th Avenue.

SYNOPSIS:

Center at Sixth (Marquas Ashworth, President, 712 E 6th Street, Unit 200, Des Moines, IA 50309) proposes to construct a new mixed-use project including 9,000 square feet of commercial space in addition to six (6) work/live units. The project will be home to the Center at Sixth Incubator, a retail and restaurant development space specifically designed to meet the unique needs of Black, Brown, and other culturally diverse entrepreneurs. Total project costs are estimated at \$8.65 million.

The Office of Economic Development has negotiated final terms of an Urban Renewal Development Agreement including a \$100,000 affordable housing grant. Terms provide for tax increment financing (TIF) and affordable housing funds to respond to a financing gap as presented by the Developer. Additional details on the final terms and grants are provided in the fiscal impact and additional information sections below.

FISCAL IMPACT:

Amount: The financial terms propose a capped TIF maximum value of \$850,000 in project-generated tax increment on a net-present-value (NPV) basis (at a 4.5% discount rate) based on the following schedule: 95% in years one (1) through 20. The Developer will forgo tax abatement on the project. The TIF is estimated to comprise 10% of the total project financing. An additional \$100,000 American Rescue Plan Act (ARPA) grant for affordable housing is also contemplated within the development agreement. TIF, ARPA grant, and Nonprofit Innovation grant matching funds together total a city partnership of 14.45%.

Funding Source: Tax increment generated by the project in the Metro Center Urban Renewal Area and ARPA funds.

ADDITIONAL INFORMATION:

- The subject site was currently owned by the 6th Avenue Corridor, who issued a Request for Qualifications in December 2020 for development of the property. In 2021, the 6th Avenue Corridor Board selected the proposal submitted by Marquas Ashworth and his team.

- The 6th Avenue Corridor purchased the site with Community Development Block Grant (CDBG) funds, which require that 51% of the units be provided at an affordable rate. The CDBG requirements will transfer to the new property owner. The Developer has committed to providing half of the units at 50% HUD HOME rent limit (60% Area Median Income {AMI}) and the other half at 65% HOME rent limits (80% AMI).
- The project will utilize Mid-American Energy's Commercial New Construction Energy Efficiency Program and the development agreement will require that the new multi-residential apartment building exceed applicable energy codes. The construction will be all-electric with the exception of the commercial spaces. Project will also include the installation of one (1) electric vehicle charging station.

PREVIOUS COUNCIL ACTION(S):

Date: July 18, 2022

Roll Call Number: [22-1144](#) and [22-1145](#)

Action: (A) [Approving](#) preliminary terms of agreement with Ashworth Development LLC for the construction of a four (4)-story, 32-unit mixed use project. ([Council Communication No. 22- 346](#)) Moved by Sheumaker to adopt. Second by Gatto. Motion Carried 7-0.

(B) [Approving](#) an economic development grant to match funding in support of Center at Sixth's Nonprofit Innovation Fund grant application. Moved by Sheumaker to adopt. Second by Gatto. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Urban Design Review Board

Date: November 21, 2023

Resolution Number: NA

Action: Approval of the final design moved by Ward, second by Nagle. Yes – 7, No – 0, Abstain - 0, Absent – 3.

Approval of financial assistance with acknowledgment of significant city partnership due to strong equity components moved by Hielkema, seconded by Nagle. Yes – 7, No – 0, Abstain - 0, Absent – 3.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- City Council – Certificate of Completion

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