

Date November 23, 2020

RESOLUTION APPROVING PRELIMINARY TERMS OF AN URBAN RENEWAL DEVELOPMENT AGREEMENT WITH FW REHAB, LLC (ABBEY GILROY) FOR THE RENOVATION OF 3610 6TH AVENUE INTO A MIXED-USE RESIDENTIAL AND COMMERCIAL DEVELOPMENT

WHEREAS, FW Rehab, LLC (“Developer”), represented by Abbey Gilroy, Executive Director proposes to undertake a renovation of the existing 11,400 square-foot building at 3610 6th Avenue in the Oak Park-Highland Park Urban Renewal Area (“Improvements”), for mixed-use purposes including commercial and multi-household residential uses at an estimated total project cost of \$1,240,000.00, subject to receipt of the financial assistance identified below; and

WHEREAS, the existing building contains Chuck’s Restaurant, one of Des Moines’ oldest dining establishments opened in the Highland Park business district in 1956, and the proposed Improvements to the building include rehabilitation of four currently vacant residential apartment units on the upper floor containing approximately 2,700 square-feet as well as approximately 8,700 square-feet of commercial space on the ground floor, major roof and structural repairs, mechanical system upgrades, and façade improvements, with construction of the Improvements anticipated to be completed in spring 2021; and

WHEREAS, the City’s Office of Economic Development has negotiated preliminary terms of an Urban Renewal Development Agreement with the Developer, all as more specifically described in the accompanying Council Communication, which provide that in consideration of the Developer’s commencement and completion of the Improvements, the City will provide an economic development grant from the tax increment generated by the Improvements over a 15-year period, in an estimated amount of \$166,720.00 on a cash basis (\$113,915.00 on a net-present-value basis at a 4.5% discount rate), as follows:

- Tax increment financing (TIF) for the multi-household residential portion of the Improvements: Ninety percent (90%) in years one through five; eighty percent (80%) in years six through ten; fifty percent (50%) in years 11 and 12; and twenty-five percent (25%) in years 13-15; and
- Tax increment financing (TIF) for the commercial portion of the Improvements: Ninety percent (90%) in years one and two; eighty percent (80%) in years three and four; seventy-five percent (75%) in years five and six; sixty-five percent (65%) in years seven and eight; fifty-five percent (55%) in years nine and ten; sixty percent (60%) in year 11; fifty percent (50%) in year 12; forty percent (40%) in year 13; thirty percent (30%) in year 14; and twenty-five percent (25%) in year 15; and

WHEREAS, the Developer has agreed as preliminary terms of Agreement to maintain affordability for one of the four multi-household units at the sixty-five percent (65%) HOME program rent limit for incomes at or below eighty percent (80%) HOME income limits.

★ Roll Call Number

Agenda Item Number

28

Date November 23, 2020

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Des Moines, Iowa, that the preliminary terms of agreement with FW Rehab, LLC, as described above and in the accompanying Council Communication, are hereby received and filed, and the City Manager is hereby directed to proceed with negotiation of a development agreement with the Developer on final terms of an Urban Renewal Development Agreement consistent with the preliminary terms for consideration for approval by the City Council.

(Council Comm. No. 20-515)

MOVED BY _____ TO ADOPT.

APPROVED AS TO FORM:

/s/ Glenna K. Frank
Glenna K. Frank, Assistant City Attorney

| COUNCIL ACTION | YEAS | NAYS | PASS | ABSENT |
|----------------|----------|------|------|--------|
| COWNIE | | | | |
| BOESEN | | | | |
| GATTO | | | | |
| GRAY | | | | |
| MANDELBAUM | | | | |
| VOSS | | | | |
| WESTERGAARD | | | | |
| TOTAL | | | | |
| MOTION CARRIED | APPROVED | | | |

CERTIFICATE

I, P. KAY CMELIK, 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.

Mayor

City Clerk