



Roll Call Number

21-0109

Agenda Item Number

36

Date January 25, 2021

RESOLUTION APPROVING URBAN RENEWAL DEVELOPMENT AGREEMENT WITH FW REHAB, LLC (ABBEY GILROY), AND APPROVING CONCEPTUAL DEVELOPMENT PLAN, 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, pursuant to Roll Call No. 20-1884, approved on November 23, 2020, the City Council directed the City Manager to proceed with negotiation of a Development Agreement with the Developer for the project; and

WHEREAS, the City’s Office of Economic Development has negotiated an Urban Renewal Development Agreement (the “Development Agreement”) with the Developer, whereby the Developer has agreed to construct the Improvements, in accordance with the Conceptual Development Plan, which proposed Development Agreement and Conceptual Development Plan related thereto are on file in the office of the City Clerk; and

WHEREAS, the proposed Development Agreement provides 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



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percent (40%) in year 13; thirty percent (30%) in year 14; and twenty-five percent (25%) in year 15; and

WHEREAS, the Developer has further agreed, as stated in the Development 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; and

WHEREAS, at its meeting on December 1, 2020, the Urban Design Review Board voted 7-0 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 subject to working with City staff on further exploration of window materials, and voted 7-0 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 FW Rehab, LLC (“Developer”)
 - a. Developer's obligations under the Development Agreement to redevelop the Property for commercial and multi-household residential uses further the objectives of the Oak Park-Highland Park 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 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,

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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 between the City and FW Rehab, LLC, 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.

3. The Director of the Office of Economic Development or her designee are directed to submit a copy of the fully executed Development Agreement to the Finance Department for purposes of required Electronic Municipal Market Access disclosure filings.

4. Upon requisition by the Office of Economic Development, the Finance Department shall advance the installments on the Economic Development Assistance pursuant to Article 4 of the Development Agreement.

5. The Development Services Director or designee(s) are hereby authorized and directed to administer the Development Agreement on behalf of the City, and to monitor compliance by the Developer with the terms and conditions of the Agreement. The Development Services Director is further directed to forward to City Council all matters and documents that require City Council review and approval in accordance with the Agreement.

(Council Comm. No. 21-044)

MOVED BY Boesen 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	7			

J. M. Franklin Cownie
Mayor

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.

P. Kay Cmelik
City Clerk