



Roll Call Number

22-0902

Agenda Item Number

53

Date June 13, 2022

RESOLUTION APPROVING URBAN RENEWAL DEVELOPMENT AGREEMENT WITH HOA EVMF LLC (HEART OF AMERICA – CHUCK ULLRICH) FOR CONSTRUCTION OF A MIXED-USE PROJECT LOCATED AT 317 E. 6TH STREET

WHEREAS, HOA EVMF LLC (“Developer”), represented by Chuck Ullrich, Vice President and Chief Financial Officer, proposes to undertake improvements to the property locally known as 317 E. 6th Street at the intersection of East 6th and East Walnut Streets, including demolition of the existing structure and construction of a new 7-story mixed-use building containing approximately 110 residential units and at least 4,000 square feet of commercial space (“Improvements”) in the Metro Center Urban Renewal Area, at an estimated total project cost of \$21,000,000.00, subject to receipt of the financial assistance identified below; and

WHEREAS, Developer’s undertaking of the Improvements is anticipated to commence in spring 2022, with completion in late 2023; and

WHEREAS, pursuant to Roll Call No. 21-1925, approved on December 20, 2021, the City Council directed the City Manager to proceed with negotiation of an Urban Renewal Development Agreement with the Developer for the project; and

WHEREAS, the City’s Economic Development Division 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 upon project completion of up to \$2,300,000.00 (net present value basis at 4.5% discount rate) in project-generated tax increment financing (TIF) in a declining percentage schedule in project years 9-20; and

WHEREAS, said Agreement further provides that Developer will incorporate the following elements into the construction and operation of the Improvements:

- 11 residential units at affordable rates, to be capped at the sixty-five percent HOME rent limits and restricted to households earning eighty percent or less of the area median income;
- Participation in and compliance with MidAmerican Energy’s Commercial New Construction Energy Efficiency Program, with the Improvements to exceed applicable Energy Code requirements by a minimum of fifteen percent (15%);
- Installation of electric heat equipment in the residential portion of the Improvements, or documentation explaining Developer’s decision not to install said equipment, in form required by, and to the satisfaction of, the City’s Development Services Director;



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- Installation of a minimum of two electric vehicle charging stations serving at least four parking spaces; and
- Replacement of the existing traffic signal at the northeast corner of the intersection of East 6th and East Walnut with a new traffic signal with upgraded black pole and mast arm, and replacement of any galvanized streetlights on the Property with black poles and LED light fixtures, per MidAmerican Energy's Specifications; and

WHEREAS, at its meeting on January 18, 2022, the Urban Design Review Board voted 8-0 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, and for 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 HOA EVMF LLC ("Developer"):

- a. Developer's obligations under the Development Agreement to redevelop the Property for commercial and residential uses furthers the objectives of the Metro Center Urban Renewal Plan to preserve and create an environment which will protect the health, safety and general welfare of City residents, to encourage the development of affordable and market-rate housing in decent, safe and sanitary conditions in attractive settings to serve employees and other people who would like to live, work and retain employment in the downtown area, to encourage intensive and coordinated commercial and residential mixed-use development, and to maintain and expand taxable values and employment opportunities within the Metro Center Urban Renewal Project Area.
- 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 advance the improvement and redevelopment of the East Village and Project Area in accordance with the Metro Center Urban Renewal Plan; (ii) it will establish conditions which attract further new investments and prevent the recurrence of blight and blighting conditions; (iii) it will provide a range of affordable and market-rate housing in decent, safe and sanitary conditions in an attractive setting to serve employees and other people who would like to live in the downtown area; (iv) it will encourage further private investment and will attract and retain residents and businesses in the East Village area of the Project Area to reverse the pattern of disinvestment and declining resident population; and (v) it will further the City's efforts to create and retain job opportunities within the Project Area which might otherwise be lost.
- c. The construction of the Project is a speculative venture and the construction and resulting benefits would not occur without the economic incentives provided by the Development Agreement.



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- d. The redevelopment 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, 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 Developer, 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 Development Services Director 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 Department 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 Department 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 Communication No. 22-275)

MOVED BY Gatto TO ADOPT.

SECOND BY Voss.

APPROVED AS TO FORM:

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

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
BOESEN	✓			
COWNIE	✓			
GATTO	✓			
SHEUMAKER				✓
MANDELBAUM	✓			
VOSS	✓			
WESTERGAARD	✓			
TOTAL	6			1

T. M. Frank Mayor

CERTIFICATE

I, LAURA BAUMGARTNER, Acting 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.

Laura Baumgartner Acting City Clerk