



Roll Call Number

22-0965

Agenda Item Number

79B



Date June 13, 2022

RESOLUTION APPROVING FINAL TERMS OF AN URBAN RENEWAL DEVELOPMENT AGREEMENT WITH EUCLID FORESIGHT, LLC FOR THE RENOVATION OF 413 EUCLID AVENUE INTO A MIXED-USE RESIDENTIAL AND COMMERCIAL DEVELOPMENT AND APPROVING CONCEPTUAL DEVELOPMENT PLAN

WHEREAS, Euclid Foresight, LLC (“Developer”), represented by Connor Delaney, Manager, proposes to undertake a renovation of the existing 18,000 square-foot building located at 413 Euclid Avenue for a mixed-use building, including commercial and multi-family residential uses (collectively “Improvements”) in the Oak Park – Highland Park Urban Renewal Area; and

WHEREAS, construction of the Improvements is anticipated to be completed in July 2023 at an estimated total project cost of \$4,200,000.00, subject to receipt of the financial assistance identified below; and

WHEREAS, pursuant to Roll Call No. 22-0701, approved on May 9, 2022, 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 and in lieu of commercial tax abatement, the City will provide an economic development grant for 20 years in the following percentages of the project-generated tax increment (TIF) for taxable building valuations (exclusive of land) in 90% in years one (1) through five (5), 85% in years six (6) through ten (10), 80% in years 11 through 15, 70% in year 16, 60% in year 17, 50% in year 18, 40% in year 19, and 30% in year 20, capped at \$540,000; and

WHEREAS, the Developer has further agreed, as stated in the Development Agreement, to maintain affordability, for the 20-year duration of economic development assistance, of one residential unit at sixty-five percent (65%) HOME rent limits and restricted to households earning eighty percent (80%) or less of the area median income, in addition to participation in and compliance with MidAmerican Energy’s Commercial New Construction program and subject to a Minimum Assessment Agreement; and

WHEREAS, at its meeting on May 17, 2022, the Urban Design Review Board voted 6-0 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 voted 6-0 to recommend approval of financial assistance as set forth above and in said Agreement.



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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 Developer:

- a. Developer's obligations under the Development Agreement to redevelop the Property for a mixed-use building, including commercial and multi-family 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, 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.



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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 Communication No. 22-274)

MOVED BY Westergaard TO ADOPT.
SECOND BY Gatto

APPROVED AS TO FORM:

/s/ Lisa A. Wieland
Lisa A. Wieland, Assistant City Attorney

Table with 5 columns: COUNCIL ACTION, YEAS, NAYS, PASS, ABSENT. Rows include BOESEN, COWNIE, GATTO, SHEUMAKER, MANDELBAUM, VOSS, WESTERGAARD, and TOTAL.

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.

T.M. Frankin Cownie Mayor

Laura Baumgartner Acting City Clerk