

COMMUNICATION
URBAN DESIGN REVIEW BOARD
 CITY OF DES MOINES, IOWA

JANUARY 17, 2012 MEETING

Subject:	Recommendation	Prepared by:
FINAL DESIGN AND FINANCIAL ASSISTANCE REVIEW FOR WATERFRONT LODGING LLC (SW 2ND AND WATER STREET)	X APPROVE DISAPPROVE NO ACTION OTHER (INFO)	RITA CONNER 283-4019
Attachment Listing: http://www.dmgov.org/government/boards/UrbanDesignReviewBoard/Pages/Meetings.aspx		

Summary:

Waterfront Lodging, Inc. (Hawkeye Hotels Inc., Ravi Patel, vice president, 1701 Mount Pleasant Street, Suite 1, Burlington, Iowa 52601) is presenting a final proposal for the project at SW 2nd and Water Street, previously reviewed by the board on June 21 and December 20, 2011.

In late 2010, Waterfront Lodging, Inc. had proposed the development of one four story hotel with 96 surface parking spaces on the site. This proposal was not viewed by the city as providing appropriate urban density for a downtown riverfront site. The developer was directed to increase the density and mass of the site and propose an alternative to the planned surface parking area. The revised proposal, containing one six story 129 room hotel, a 245 space parking structure with commercial space on the first floor, and a second 110-120 room hotel, was developed over the course of several months. The addition of structured parking and the increased density provided on the site formed the basis for financial assistance for the project.

At the December 20 meeting, the developer was requested to refine the parking structure and provide a wall section demonstrating where headlights would shine, provide three dimensional detail of the context of the site with the area, evaluate having commercial space as a larger and more important component of the project, ensure that the design package elements were consistent with one another, and to meet with adjacent neighbors.

At the neighborhood meeting on January 9, the developer was requested to move the parking structure to the 2nd Avenue side of the site, eliminate the commercial space, and move the extended stay hotel to the Vine Street side. Staff has been evaluating this new proposal and further comments are below.

Scope of Review – Board to make recommendation to City Council on:

- Design review of renovation /remodeling/new construction for City-owned or leased project
- Design review for urban renewal project with specific development requirements
- Whether a proposed urban renewal project qualifies for funding from tax increment.
- Whether the level of financial assistance funded from tax increment revenues proposed for a specific individual project are reasonable and appropriate.
- The selection of urban renewal sites for clearance or rehabilitation and problems relating to acquisition, clearance or rehabilitation of property, relocation of displaced persons and disposition of acquired property.
- Skywalk System
- Other /Informational review

Urban Design Review Board Action:

The board is requested to review the proposed project design and financial assistance request and provide recommendation to City Council.

Staff Recommendation: Final approval of the design and financial assistance request with the condition that the parking structure design be finalized by the design team and presented to staff and an architectural subcommittee of the board for review.

Additional Information

Previous board input on the project included a request to activate the site by integrating with the surrounding area on a pedestrian scale, provide architectural variety, interest and quality in the design of the buildings, to provide a revised design for the garage, and to provide additional space for other commercial uses as part of the project. The revised submittal has provided pedestrian connectivity, a patio on the east side of the Hampton Inn & Suites site, and included internal and external sidewalk with landscaping and streetscape elements. These features assist the project's integration into the surrounding neighborhood. The buildings are designed for LEED certification and incorporate high efficiency systems, occupancy sensors for lighting and low flow water fixtures, providing a sustainable product. Previously proposed EFIS has been replaced with cement board, and the Hampton Inn & Suites is presented with full dimension brick. The extended stay hotel and parking structure are proposed with thin brick, as they are not directly on the Riverfront. The materials are of high quality and compatible with the surrounding area.

Staff finds the proposal to switch the placement of the parking structure and extended stay hotel acceptable, with the condition that the extended stay building elevation that will face the Riverfront be redesigned. A revision has been submitted and is included with the board information. In addition, the parking structure design should be reconsidered, as it will now front 2nd Avenue. The removal of the 2400 sf retail space should be evaluated along with the parking structure design. The design is recommended for approval with the condition that the final parking structure design be evaluated by staff and presented to an architectural subcommittee of the board for review.

The financial assistance proposed for the project is supported by staff as reasonable and appropriate. The developer has responded with an urban density project and provided structured parking in place of surface parking. The parking structure and the second hotel provide the critical mass and density that is essential to an urban development site. As the city would not support the surface parking proposal, the developer has seen an increased cost estimated at \$4.8 million to build the parking structure. The tax increment generated by the two hotels is able to assist with that unanticipated cost. The three elements of the financial assistance are as follows:

- 1.) 15 year economic development grant not to exceed 75% of the tax increment generated by Hotel #1 for 15 years
- 2.) 15 year economic development grant not to exceed 75% of the tax increment generated by Hotel #2 for 15 years (the two grants will be staggered based on the timing of construction of the two buildings)
- 3.) One time grant of \$1.1 M in year 1 as upfront assistance with building the parking structure. This will be replenished by the remaining 25% of the tax increment generated by Hotel #1 and 100% of the tax increment generated by the parking structure.

The financial assistance is contingent upon several additional parameters designed to protect the City's long term interests and ensure the successful completion of all three elements of the total project.

- Minimum Assessment Agreements will be required for each of the hotels as well as the parking structure
- Hotel #1 and the parking structure must be constructed simultaneously
- Construction on Hotel #2 must be initiated within five years. In the event that construction has not begun by year 6, the grant payments on the first hotel will cease, until the \$1.1 million grant for the parking structure has been replenished.
- The City will be provided a first right of refusal to purchase the site currently designated for the second hotel in the event that the project does not move forward. This is to ensure the ability to safeguard the future density of the site.

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The proposed projects total an estimated \$32.4 million of private investment and will provide net new taxes to the City of Des Moines totaling over \$10 million, including property taxes and hotel motel taxes. The net taxes to the City are totaled after the economic development assistance is accounted for, as the project's taxes are generating that assistance.