

**COMMUNICATION**  
**URBAN DESIGN REVIEW BOARD**  
CITY OF DES MOINES, IOWA  
AUGUST 8, 2017 MEETING

---

<b>Subject:</b>	<b>Recommendation</b>	<b>Prepared by:</b>
<b>665 GRAND AVENUE – AKA MIESBLOCK (NORTHEAST CORNER OF 7<sup>TH</sup> STREET AND GRAND AVENUE) AMENDED DESIGN &amp; FINANCIAL ASSISTANCE REVIEW</b>	<b>X</b> APPROVE DISAPPROVE NO ACTION OTHER	ERIN OLSON-DOUGLAS 283-4021 EODOUGLAS@DMGOV.ORG
<b>Attachment Listing:</b> <a href="http://www.dmgov.org/government/boards/UrbanDesignReviewBoard/Pages/Meetings.aspx">http://www.dmgov.org/government/boards/UrbanDesignReviewBoard/Pages/Meetings.aspx</a>		

**Summary:**

Nelson Construction and Development is proposing to amend their proposal for the eastern parcel of the 7<sup>th</sup> and Grand redevelopment area. The current proposal is a mixed use development implemented in three phases as follows:

- Phase 1: A 'skywalk node' will be constructed at the southwest corner of the site to provide a connection between the existing Grand Avenue skywalk bridge and the new 7<sup>th</sup> Street skywalk bridge. Construction on the skywalk node will begin this fall, with the City's skywalk bridge construction following in 2018.
- Phase 2: A three-story, 18,000sf commercial building with offices on the upper floors and a single large restaurant on the ground floor is proposed for the Grand Avenue frontage. Construction on this building is anticipated to begin spring 2018.
- Phase 3: An apartment building with approximately 6-8 floors and 75 market rate units is planned for the 7<sup>th</sup> Street and High Street frontages. Construction on the apartment building is planned for 2019-2020.

Parking for the project will be provided by the Principal Financial Group's parking garage to the west of this site (currently under construction).

The collection of buildings on the site respond to the varied massing of the urban context, with the 3-story commercial building adjacent to the 3-story locally-designated Landmark Catholic Pastoral Center designed by Mies van der Rohe on the east side of the site. The taller massing of the apartment building is on the west side of the site adjacent to the Principal Financial Group's campus with the State's tallest building a block away to the west. The developer will be required to construct the buildings on this site utilizing steel and/or concrete structural systems.

The composition of the site will provide a variety of open spaces in the interstitial spaces between buildings. A public pedestrian way will connect Grand Avenue and High Street between the commercial building and the Catholic Pastoral Center. A variety of public and private spaces are planned for the area between the apartment and commercial buildings.

The Board will have the opportunity to review and make a recommendation on the building design of each of the phases, as well as the design of the open spaces as work progresses on the design.

The City and the developer have negotiated financial terms of assistance for this proposed amendment as follows:

- \$1M forgivable predevelopment loan for architecture and engineering services (paid April 2016);
- grant equal to the land purchase price (appraised at \$1.32M, land sale closed September 2017);
- economic development grant of \$2 million paid as follows:
  - \$500,000 paid at commencement of above grade construction of the commercial building; requires substantial completion of the Ph1 skywalk node
  - \$750,000 paid at certificate of completion of the Ph2 commercial building
  - \$750,000 paid at certificate of completion of the Ph3 apartment building
- Rebate of project-generated commercial taxes (after subtraction of debt-protected levies):
  - Years 1-10: 100%
  - Years 10-20: 80%
- Rebate of project-generated residential taxes:
  - Years 1-8: 100% (as provided via tax abatement via current urban revitalization plan)
  - Years 9-10: 100% (as provided by a blend of tax abatement and TIF)
  - Years 11-12: 90% (after subtraction of debt-protected levies)
  - Years 13-16: 80% (after subtraction of debt-protected levies)
  - Years 17-20: 70% (after subtraction of debt-protected levies)

**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 of project design proposed for City-owned land to be sold for redevelopment

**Urban Design Review Board Action:** The Board is requested to review and make recommendation on the amended proposal for the site and the amended financial assistance for the project.

**Staff Recommendation:** Approval.

**Background:**

Prior to its demolition in fall 2015, this site previously had a public parking structure that spanned 7<sup>th</sup> Street.

On June 8<sup>th</sup>, 2015, the City Council selected Nelson Development as the preferred developer for a luxury mixed-use apartment project to be constructed in the air space above the future City parking garage then planned to be built upon the former YWCA and 7<sup>th</sup> and Grand Parking Garage sites in the blocks bounded by Grand Avenue, High Street, 7<sup>th</sup> and 8<sup>th</sup> Streets. At that time, redevelopment of the eastern block was in the indefinite future, as was reconnection of the skywalk system.

On January 11, 2016, the City Council approved preliminary terms of agreement on a proposal from Principal Financial Group, Inc. and Nelson Development that allowed Principal to purchase the western site and construct a six-level parking garage that would be privately owned, fully included on the tax rolls, and provide parking for the surrounding users. Nelson Development was identified to develop the eastern site and construct a mixed-use apartment building with street level commercial space. The skywalk system would be reconnected with construction on this site.

Council approved the final development agreement on April 11, 2016, with amendments to the incentives approved by Council on September 12, 2016. UDRB provided favorable recommendations of the prior project in August and September 2016.

Nelson Development was unable to advance the previously-approved project within the allotted timeframe and the site faced an uncertain future. The current phased proposal provides greater flexibility, while reconnecting the skywalk system with a modest construction project in the first phase and mixed use development on the site in the following two phases.

