

COMMUNICATION
URBAN DESIGN REVIEW BOARD
 CITY OF DES MOINES, IOWA
 JANUARY 07, 2025 MEETING

Subject:	Recommendation:	Prepared by:
FINANCIAL CENTER 606/666 WALNUT STREET FINAL DESIGN APPROVAL OF THE UPDATED DESIGN	X APPROVE DISAPPROVE NO ACTION OTHER	KATIE HERNANDEZ KLHERNANDEZ@DMGOV.ORG 515-283-4016
Attachment Listing: https://www.dsm.city/udrb_meeting_schedule.php		

Summary:

Lawmark, LP (Mark Buleziuk, 666 Walnut Street, Suite 1540, Des Moines, IA 50309) is proposing a major renovation of the Financial Center Building, located at 606/666 Walnut Street. This \$77.1 million renovation project would include: a conversion of the first three (3) floors to allow for a mix of uses, including retail, office, and commercial, as well as inclusion of residential units; floors 4-11, 13-15, and 18 will be exclusively residential units; floors 12 and 17 will be a mix of office and commercial, as well as residential units; and floors 16 and 19-25 would be maintained as office space. Level 3 will also include a rooftop deck, fitness center, and clubroom as tenant amenities, and the underground parking level will include the addition of bicycle parking and dog wash amenities. This redevelopment project will create 209 new residential units with a mix of studio, one-bedroom, and two-bedroom apartments.

The project has been awarded historic tax credits, and many of the design moves related to emphasizing the International Style Architecture of the original building. The final design includes the addition of green roof elements to assist with reducing storm water load.

This project was originally introduced to the Urban Design Review Board in June 2020 for final design and financial assistance review and approval. The proposed project at that time included a full-service, upscale hotel with approximately 190 rooms, and floors 14-25 remaining as office space. As financing and market conditions have significantly evolved for the development of hotels during and after the pandemic, the project proposal for this partial building conversion has also had to evolve, driving the change from hotel use to residential use. This project has also increased in size as a result of the Walgreens vacating their ground floor space adjacent to the Financial Center tower. Due to the significant change in scope, the financial assistance is also proposed to be amended in the development agreement. More information can be found in the Financial Assistance section.

Christensen Development is coordinating the development services and Slingshot Architecture is providing the design services for the project. The general contractor for the project is Hansen Company. Construction is anticipated to begin as soon as possible, with a completion date of April 30, 2026.

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

- Informational review – discussion item only.
- Design review of renovation /remodeling/new construction for City-owned or leased project.
- Design review for urban renewal project with specific development requirements.
- 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

Urban Design Review Board Action:

The Board is asked to make its recommendation to City Council on the final design.

Staff Recommendation:

Staff recommends approval of the final design.

Background:

The 363,000-square-foot, 25-story building was originally constructed in 1972, is skywalk connected, and has historically been used primarily as commercial office space with ground level retail and commercial uses. Wells Fargo, a major tenant that formerly occupied the lower half of the Financial Center building, announced plans to not renew their lease in the Financial Center in 2019, leaving a large and difficult to fill void post pandemic.

Project energy efficiency efforts include:

- Conversion to high efficiency lighting on all floors.
- Occupancy sensor lighting in all amenity and public spaces.
- Existing cooling tower and one chiller are to be replaced as the existing equipment has surpassed its effective life span. New equipment is to be optimized for efficiency.
- New mechanical systems for residential floors will utilize the existing chilled water central plant to heat and cool apartments via 2-pipe chilled water fan coil units with electric reheat coils.
- New energy recovery ventilators with cooling coil and electric heating coil serving residential floors.

Financial Assistance:

Proposed updated terms provide for a declining schedule of the project generated tax increment from the taxable building valuations (exclusive of land) in years one (1) through 20, starting at 95% in years one (1) through 10, 85% in years 11 – 15, and 70% in years 16 – 20, with a maximum incentive value of \$10,000,000 (net present value {NPV} at a 4.5% discount rate). The assistance is estimated at 13% of total project costs.

Year	Estimated Taxes Received without Project*	Estimated Taxes Received with Project*	Estimated Incentive Paid	Estimated Net Taxes Received
Sum 10 Years	\$5,851,944	\$15,838,802	\$8,243,840	\$7,594,961
Sum 20 Years	\$13,094,694	\$35,067,301	\$16,921,034	\$18,146,267
Sum 30 Years	\$21,922,45	\$58,347,049	\$16,921,034	\$41,426,015

*Taxes include all property taxing authorities (not just City property tax dollars).

*Taxes received estimates used the following assumptions: 2.5% growth in re-assessment years, 1.5% growth in non-re-assessment years.

*Building and land valuation assumptions at completion of construction:

\$31,715,000 commercial building assessment

\$2,140,000 land assessment

Financial Assistance Comp:

Ruan Redevelopment Partners LLC (Two Ruan-601 Locust Street)

Total project costs estimated at \$81.2 million for conversion of a 14-story office building to a 221-unit multifamily residential building. Development agreement provided for a declining schedule of the project generated tax increment from the taxable building valuations (exclusive of land) in years nine (9) through 20, starting at 95% of the tax increment generated by the project in years nine (9) through 12; 90% in years 13 through 15; 80% in years 16 through 18; and 70% in years 19 and 20. The Developer has filed for 10-year declining residential tax abatement on the project. The TIF is valued at \$5.57 million in project generated tax increment on a cash basis (\$2.77 million on a net-present-value {NPV} at a 4.5% discount rate) and is estimated to comprise of 3.4% of the total project cost.

Vicinity Map:

