

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b>	January 26, 2015
	<b>Agenda Item No.</b>	<b>53</b>
	<b>Roll Call No.</b>	<b><u>15-0144</u></b>
	<b>Communication No.</b>	<b><u>15-042</u></b>
	<b>Submitted by:</b>	<b>Matthew A. Anderson, Assistant City Manager</b>

**AGENDA HEADING:**

Resolution of support for a Workforce Housing Tax Credit (WHTC) benefit application to be submitted to the Iowa Economic Development Authority (IEDA) by R & T Lofts, LP for the R & T Lofts project at 717 Locust and 421 8th Street.

**SYNOPSIS:**

Recommend approval for an application for WHTC benefits to be submitted to the IEDA by R & T Lofts, LP (Tony Knoble, President, TWG Development, LLC 333 N. Pennsylvania Street, Suite 100, Indianapolis, IN 46204) A resolution of support from City Council is required for submittal of applications to the WHTC program, which replaced the former IEDA Housing Enterprise Zone housing benefit program on July 1, 2014. Under the Enterprise Zone program, applications were reviewed and forwarded to IEDA by the Des Moines Enterprise Zone Commission, which was disbanded with the introduction of the WHTC program.

The WHTC program provides for the same benefits as the former Enterprise Zone program: a refund of State sales, service or use taxes paid during construction, and a State investment tax credit up to a maximum of 10% of the investment directly related to construction of the project. However, the WHTC program has an annual cap of \$20 million for the entire State of Iowa, which is anticipated to make this program significantly more competitive than the former Enterprise Zone program.

R & T Lofts, LP proposes a \$35 million project constructing 164 units at 717 Locust and 421 8th Street, the former Des Moines Register building. The City’s financial assistance for the project is a 10 year 100% tax abatement and a \$3.7 economic development grant. The resolution will be submitted to IEDA along with the formal program application, which is projected to be on February 2, 2015.

**FISCAL IMPACT: NONE**

Workforce Housing Tax Credit are State of Iowa tax credits and have no fiscal impact on the City of Des Moines general fund. Information on the project applications is detailed below.

Amount: R & T Lofts, LP \$1,000,000 Workforce Housing Tax Credit

Funding Source: State of Iowa Workforce Housing Tax Credit Program.

**ADDITIONAL INFORMATION:**

The WHTC program replaced the Enterprise Zone program, which had been in place since 1997 and contributed to the development of approximately \$900 million in new taxable valuation throughout Des Moines.

Projects making application under the WHTC program must meet one (1) of four (4) criteria:

- Located on a grayfield or brownfield site;
- Repair or rehabilitation of dilapidated housing stock;
- Upper story project; and
- New construction in a community with demonstrated workforce housing needs.

Projects must build or rehabilitate at least four (4) single-family homes or at least one (1) multi-family building containing three (3) or more units, or at least two (2) upper story units. The total project cost may not exceed \$200,000 per unit for new construction or \$250,000 for historic rehabilitation. Total benefits under the program are limited to a maximum of \$1 million per recipient, and projects must be completed within three (3) years of the award.

**PREVIOUS COUNCIL ACTION(S):**

Date: November 17, 2014

Roll Call: [14-1778](#)

Action: [Urban](#) Renewal Development Agreement with R & T Lofts, LP for the redevelopment of the former Des Moines Register Buildings at 717 Locust Street and 421 8th Street and approving proposed Conceptual Development Plan. ([Council Communication No. 14-547](#)) Moved by Gatto to adopt. Motion Carried 7-0.

Date: October 20, 2014

Roll Call Number: [14-1640](#)

Action: [Preliminary](#) Terms of Agreement with TWG Development, LLC represented by Joseph Whitsett, CEO, for redevelopment of the R & T Lofts, the former Des Moines Register buildings, at 717 Locust Street and 421 8th Street. ([Council Communication No. 14-507](#)) Moved by Hensley to receive, file and approve the preliminary terms of agreement as set forth in Council Communication No. 14-507, and to direct the City Manager's Office to proceed with negotiation of a formal agreement with TWG Development, LLC consistent with the terms set forth in Council Communication No. 14-507. Motion Carried 7-0.

**BOARD/COMMISSION ACTION(S):**

Board: Urban Design Review Board

Date: November 4, 2014

Resolution Number: N/A

Action: The proposed financial assistance and preliminary site and building conceptual design plans were recommended for approval the October 21, 2014 meeting. At its November 4, 2014 meeting, the Board recommended approval of the final conceptual plans, including the skywalk area improvements.

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

The Office of Economic Development will forward the resolution R & T Lofts, LP to be submitted to the Iowa Economic Development Authority for review.

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