

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	February 23, 2015
	Agenda Item No.	23
	Roll Call No.	<u>15-308</u>
	Communication No.	<u>15-096</u>
	Submitted by:	Phillip Delafield, Community Development Director

AGENDA HEADING:

Authorization for City Manager to sign IFA “Exhibit 5S, Local Government Contribution” for 4% Bond Issue Application for R & T Lofts, L.P.

SYNOPSIS:

On November 27, 2014, by Roll Call 14-1778, City Council approved a development agreement with TWG Development, LLC of Indianapolis, IN (Joseph Whitsett, CEO) doing business as R & T Lofts, L.P. The Agreement assists with conversion of the former Des Moines Register buildings into a mixed-use development with commercial space on the basement and first levels and 164 units of market-rate and affordable housing on floors 2-15.

The R & T Lofts, L.P. also proposes to raise approximately \$5.2 million from use of 4% bond financing administered through the IFA to develop affordable housing. The 4% bond funding is not as competitive as the 9% Low Income Housing Tax Credits (LIHTC); but, nonetheless require the completion of an Exhibit 5S, Local Government Contribution for the authority’s review. The Exhibit 5S details contributions of the City such as Tax Increment Financing (TIF) and Tax Abatement as well as Work Force Housing Tax Credits funded through the State of Iowa.

FISCAL IMPACT:

Amount: Twenty semi-annual payments of \$185,000 beginning in November 2019 for a total of \$3,700,000. Ten year tax abatement valued at \$370,600 annually for 10 years.

Funding Source: Metro Center Urban Renewal Area tax increment revenues. A project account will be opened when payments begin.

ADDITIONAL INFORMATION:

The former Des Moines Register property is located on the west half of the block bounded by Locust Street and Grand Avenue between 7th and 8th Streets. The various buildings that comprise the overall property date from 1916 to the 1960s. In 1962, the 717 Locust Street building was re-clad in a limestone and glass façade and is often cited as the first project in the downtown to make Des Moines look modern. The proposed renovation will be undertaken in accordance with federal and state historic preservation standards.

The redevelopment includes a variety of housing types ranging from studio (550-square-feet) to two-bedrooms (950-square-feet). The 4% bond application includes 83 affordable units and 81 market rate units. Those units will be marketed to households below 60% of median income.

Financial Assistance to be included on Exhibit 5S

The funding to be included on the Exhibit 5S includes:

- \$3.7 million of Tax Increment Financing paid over 20 years;
- \$370,600 Annual tax abatement for a total of \$3.706 million 10 year period; and
- \$1.0 million of Workforce Housing Tax Credits with an equity amount of \$950,000.

The developer, TWG Development, LLC, is proposing a major renovation of the buildings (about 290,000-square-feet) for an estimated \$35 million. The City's TIF commitment from Metro Center West is about 10% of the project costs.

Developer Background

TWG Development, LLC, based in Indianapolis, is new to the Des Moines market. The firm has extensive experience in housing with over 30 housing projects including new construction and historic rehab in and near Indianapolis. TWG Development is currently working as the contractor on Commonwealth Senior Apartments historical project in Cedar Rapids.

PREVIOUS COUNCIL ACTION(S):

Date: January 26, 2015

Roll Call Number: [15-0144](#)

Action: [Support](#) for Workforce Housing Tax Credit benefit application to be submitted to the Iowa Economic Development Authority by R & T Lofts, LP for the R & T Lofts at 717 Locust Street and 421 8th Street (formerly the Des Moines Register and Tribune Building). ([Council Communication No. 15-042](#)) Moved by Hensley to adopt. Motion Carried 7-0.

Date: November 17, 2014

Roll Call Number: [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:

Plan and Zoning Commission - Review of proposed change in use; meeting to be scheduled.

Authorization for City Manager to sign IFA "Exhibit 5S, Local Government Contribution" for 4% Bond Issue Application for R & T Lofts, L.P.

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the first floor of City Hall, 400 Robert D. Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to cityclerk@dmgov.org.