

 <p style="text-align: center;"><b>Council</b> <b>Communication</b> Office of the City Manager</p>	<b>Date:</b>	August 24, 2015
	<b>Agenda Item No.</b>	<b>EX1</b>
	<b>Roll Call No.</b>	<b><u>15-1465</u></b>
	<b>Communication No.</b>	<b><u>15-476</u></b>
	<b>Submitted by:</b>	<b>Matthew A. Anderson, Assistant City Manager</b>

**AGENDA HEADING:**

Consenting to collateral assignment to Bankers Trust Company, by R&T Lofts, L.P., of the Urban Renewal Development Agreement for the renovation of the former Des Moines Register Building at 717 Locust Street and 421 8th Street with a mix of commercial and residential uses.

**SYNOPSIS:**

R&T Lofts, LP (TWG Development, LLC of Indianapolis, IN, Joseph Whitsett, CEO, General Partner) is the Developer converting the former Des Moines Register building for a mixed-use development with commercial space on the first and skywalk levels and approximately 160 units of market-rate housing on floors three (3) - 15. As part of the financing arrangements for the \$35 million project, the Developer has requested that the City consent to the collateral assignment of the Developer's interest in the City Development Agreement and the economic incentives provided therein, to Bankers Trust Company. Approval of the collateral assignment does not alter the Developer or City requirements and obligations under the Development Agreement. Staff with the City's Office of Economic Development and Legal Department have reviewed the Collateral Assignment and recommend approval.

**FISCAL IMPACT:**

Amount: 20 Semi-annual payments of \$185,000 beginning in November 2019 for a total of \$3,700,000 over the 10-year period.

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

**ADDITIONAL INFORMATION:**

The City Council previously approved the development agreement for this \$35 million project in November 2014. The project consists of a proposed historic conversion of the former Des Moines Register property to approximately 160 residential units. The buildings are located on the west half of the block bounded by Locust Street and Grand Avenue between 7th and 8th Streets. About 90 of the units were to be "affordable" with rents of \$700-900 per month as required by the proposed funding from the federal Low Income Housing Tax Credit (LIHTC). The LIHTC financing was based on receipt of funding from other programs, including the State of Iowa historic tax credits which were awarded in April 2015. This project only received a partial historic tax credit award with the

remaining credits to be evaluated in the 2016 funding round. The shortfall made LIHTC funding not viable for an immediate project start; however, the Developer has since obtained alternative financing that will allow the project to proceed with 100% market-rate housing.

**PREVIOUS COUNCIL ACTION(S):**

Date: June 8, 2015

Roll Call Number: [15-0924](#)

Action: [Amended](#) and Restated 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 8<sup>th</sup> Street, and approving proposed Conceptual Development Plan. ([Council Communication No. 15-285](#)) 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: NONE**

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