

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	December 7, 2015
	Agenda Item No.	28
	Roll Call No.	<u>15-2063</u>
	Communication No.	<u>15-634</u>
	Submitted by:	Phillip Delafield, Community Development Director

AGENDA HEADING:

Resolution in support of an "Iowa State Historic Tax Credit Application" to be submitted to the Iowa Department of Cultural Affairs (IDCA) by 12th Street Lofts, LLC (Hubbell Realty Company) for a housing rehabilitation project at 121 12th Street.

SYNOPSIS:

Since 2015, the IDCA requires a resolution of support and proof of any financial commitment for any developer submitting an application for State Historic Tax Credits. This resolution is for development of 26 units of market rate housing at 121 12th Street located in a building determined eligible for the National Register in downtown Des Moines. The City's match will be 10-year tax abatement.

FISCAL IMPACT:

Amount: \$865,096

Funding Source: 10-year Tax Abatement

ADDITIONAL INFORMATION:

The Hubbell Realty Company, represented by Jim Weber, Chief Financial Officer, has requested City support for its application to the IDCA for the State Tax Incentives under the Historic Tax Credit Program for the creation of 26 rental, market-rate housing units in the historic building located at 121 12th Street. The Building was determined eligible for the National Register in May, 2015.

Substantial changes have been made to the State Historic Tax Credit application process during 2014 and 2015. One (1) such change, is the requirement of a letter of support and documentation of any City contribution to the project. The Hubbell Realty Company expects the 2016 Historic Tax Credit round to open in the very near future and is securing documentation needed for the application.

The Hubbell Realty Company is requesting \$1,100,000 in State Historic Tax Credits or 25% of the qualified rehabilitation costs. Hubbell is also requesting Federal Historic Tax Credits.

The estimated amount of tax abatement is \$865,096 and the developer is not requesting any other type of City assistance. The historic building at 121 12th Street is located in the Targeted Multiple-Family Residential Area and Corridors eligible for 10-year tax abatement for housing as adopted in the Third

Restated Urban Revitalization Plan for the Citywide Urban Revitalization Area by Roll Call No. 15-1816 and 15-1818 on October 26, 2015. The building will be fully residential with no commercial.

State Historic Tax Credits are competitive because State Legislature limits the total amount of tax credits to \$20,000,000 statewide, however IDCA does not limit the amount of credits that can be awarded in a jurisdiction or county. There is at least one (1) additional Des Moines project that will be seeking an allocation of Historic Tax Credits, the R&T Lofts. In 2015, R&T Lofts was allocated \$1.8 million in State Historic Credits and will submit a new application to receive an additional \$6,383,905, for a total of \$8,183,905 to fund the project. R&T Lofts will use the development agreement with the City of Des Moines as a resolution of support and financial commitment.

PREVIOUS COUNCIL ACTION(S):

Date: October 26, 2015

Roll Call Number: [15-1816](#)

Action: [On](#) adoption of the Third Restated Urban Revitalization Plan for the City-wide Urban Revitalization Area (Tax Abatement Program amendments). ([Council Communication No. 15-579](#)) Moved by Coleman to adopt. Motion Carried 7-0.

Date: October 26, 2015

Roll Call Number: [15-1818](#)

Action: [Approving](#) amendment to the Third Restated Urban Revitalization Plan for the City-wide Urban Revitalization Area, regarding the schedules allowed for improvements to single and two-family dwellings. Moved by Coleman to adopt; refer to the City Manager for review and recommendation regarding possible incentives to encourage high-quality homes on the undeveloped land in the Northeast and Southeast areas of the City; and also to refer to the City Manager for review and recommendation regarding the design guidelines and definitions to emphasize quality rather than specific materials or products. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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