

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	February 22, 2016
	Agenda Item No.	35
	Roll Call No.	<u>16-0286</u>
	Communication No.	<u>16-076</u>
	Submitted by:	Matthew A. Anderson, Assistant City Manager

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 Harbach Lofts, LLC, for a two (2) building housing rehabilitation project located at 300 and 316 SW 5th Street, collectively known as the “Harbach Lofts.”

SYNOPSIS:

Since 2015, the IDCA has required a resolution of support and proof of any financial commitment for developers submitting applications for State Historic Tax Credits. This resolution is for development of 103 units of market rate housing at 300 and 316 SW 5th Street in two (2) buildings determined to be eligible for the National Register of Historic Places in downtown Des Moines. The City’s match will be a 10 year, 100% tax abatement.

FISCAL IMPACT:

Amount: N/A

Funding Source: 10-year, 100% tax abatement

ADDITIONAL INFORMATION:

Harbach Lofts, LLC, represented by Kent Mauck and Davis Sanders, Members and Managers of Harbach Lofts, LLC, has requested City support for its application to the IDCA for State Tax Incentives under the Historic Tax Credit Program for the creation of 103 market rate apartment housing units in and adaptive reuse the two (2) historic buildings located at 300 and 316 SW 5th Street. The buildings were determined to be eligible for the National Register of Historic Places in 2015.

- Substantial changes have been made to the State Historic Tax Credit application process, requiring a letter of support and documentation of a City financial contribution to the project.
- Harbach Lofts, LLC expects the 2016 Historic Tax Credit application round to open in the very near future and is securing documentation needed for this application.
- Harbach Lofts, LLC is requesting \$5.5 million in State Historic Tax Credits, or 25% of the qualified rehabilitation costs. Harbach Lofts, LLC is also requesting \$4.8 million in Federal Historic Tax Credits.
- Estimated total project costs for this development are \$25.1 million.

- Harbach Lofts, LLC is seeking tax abatement in the estimated amount of \$4.5 million, and the developer is not requesting any other type of financial assistance from the City.
- The historic buildings at 300 and 316 SW 5th Street are located in the Targeted Multiple-Family Residential Area, and eligible to receive a 10 year, 100% tax abatement, as adopted in the Third Restated Urban Revitalization Plan.
- Project eligibility is subject to continued compliance with the terms and conditions of the Third Restated Urban Revitalization Plan for the City-wide Urban Revitalization Area adopted on October 26, 2015, by Roll Call No. 15-1816 and 15-1818 and is not pre-approval of tax abatement under IAC 404.4.
- State Historic Tax Credits are competitive because the State Legislature limits the total amount of tax credits awarded to \$20 million statewide, however IDCA does not limit the amount of credits that can be awarded in a jurisdiction or county.

PREVIOUS COUNCIL ACTION(S):

Date: June 8, 2015

Roll Call Number: [15-0926](#)

Action: [Support](#) of a Workforce Housing Tax Credit (WHTC) Benefit Application to be submitted to the Iowa Economic Development Authority (IEDA) by Harbach Lofts LLC for a housing project at 316 SW 5th Street. ([Council Communication No. 15-315](#)) Moved by Coleman to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Plan and Zoning Commission

Date: August 20, 2015

Resolution Number: N/A

Action: Jacqueline Easley moved staff recommendation for approval of the proposed Site Plan subject to conditions. Plan and Zoning Commission approved the site plan with a 12-0 vote.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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.