

 <p style="text-align: center;"><b>Council</b> <b>Communication</b> Office of the City Manager</p>	<b>Date:</b> January 23, 2017
	<b>Agenda Item No.</b> 41 <b>Roll Call No.</b> <u>17-0135</u> <b>Communication No.</b> <u>17-034</u> <b>Submitted by:</b> Matthew A. Anderson, Assistant City Manager

**AGENDA HEADING:**

Resolution approving preliminary terms of an Urban Renewal Development Agreement with TWG Development, LLC for multi-family housing at 201 SE 6th Street.

**SYNOPSIS:**

TWG Development, LLC (Tony Knoble, President, 333 N. Pennsylvania Street, Suite 100, Indianapolis, IN) proposes to redevelop an industrial site with a 4-story, 211 unit multi-family apartment building with underground parking and approximately 2,200 square feet of ground floor commercial use on a full block between SE 6th Street and SE 7th Street and the former Elm Street and Market Street alignments. The project, identified as Market Lofts, includes the construction of Elm Street as a public street, a pedestrian plaza along the former Market Street alignment, an urban cross section and streetscape at SE 7th Street and undergrounding of overhead electrical. Additionally, TWG Development has committed an affordable housing component; 10% of the units will have a rent structure targeted to those earning approximately 80% of the area’s median income (AMI). The project is anticipated to cost \$40M.

Staff has negotiated a financial assistance package to support the implementation of structured parking, infrastructure, and affordable units. The proposed incentives provide gap funding for the capital investment of this pioneering project in the emerging Market District.

**FISCAL IMPACT:**

Amount: The financial assistance package will consist of Metro Center Urban Renewal Area tax increment funds paid in 20 semi-annual payments of \$175,000 beginning in December 2020 for a total of \$3,500,000. The project will also apply for 10-year tax abatement.

Funding Source: Metro Center TIF – a specific fund code will be assigned by the Finance Department.

**ADDITIONAL INFORMATION:**

This project is a major step towards realizing the plan for a mixed-use urban district as envisioned in the City’s May 2010 Market District of East Village Urban Design Study. The district is currently occupied by the City’s Public Works and Fleet facilities, the main Police Station, maintenance and operations warehouses for MidAmerican Energy, a salvage yard and a collection of industrial and warehouse uses. Set on a full block currently occupied by a recycling business on the eastern edge of the Market District, this project responds to the recent reinvestment in a 3-story office building across the street at 220 SE 6th Street and has the potential to stimulate additional nearby development.

Market Lofts includes a mix of studio, one (1) bedroom, two (2) bedroom, and three (3) bedroom units on four (4) floors over a full block of underground parking. The buildings are designed in a courtyard configuration with residential amenities, including a pool and landscaping located in the courtyard. The Market Street pedestrian plaza will be a privately-owned open space with public access, serving as an amenity to other redevelopment in the area. Street-facing elevations are proposed to be constructed using primarily brick with large window openings and steel balconies.

Staff requested that the company include affordable units to address rising rents in the downtown market. TWG Development has agreed to make 10% of the units in the Market Lofts available to those earning 80% AMI. Staff will negotiate the terms of implementing the affordability component.

The project creates much needed infrastructure in this area. The construction of Elm Street between East 6th Street and East 7th Street, a new urban cross section and streetscape at East 7th Street, and an open space amenity at the former Market Street alignment continues the reinvestment in infrastructure needed to foster redevelopment in the Market District. The project also includes undergrounding of overhead electrical lines at this block.

TWG Development is an Indianapolis based development company with several high profile projects in Indianapolis. They have approximately 2,200 units in their portfolio and are in the process of growing to nearly 4,000 units. The company has nearly completed a complicated \$35 million transformation of the former Register and Tribune building into 165 market rate units with eye-catching ground floor commercial at the R&T Lofts; tenants are expected to begin moving into the building late winter/spring 2017. TWG Development is also negotiating a multi-family housing project near Southridge Mall.

#### **PREVIOUS COUNCIL ACTION(S):**

Date: December 19, 2016

Roll Call Number: [16-2163](#)

Action: Workforce Housing Tax Credit Benefit Applications to be submitted to the Iowa Economic Development Authority (IEDA) by TWG Development, LLC for Housing Projects located at the following locations:

- (A) [201](#) SE 6<sup>th</sup> Street, 211 housing units. ([Council Communication No. 16-720](#)) Moved by Gatto to adopt. Motion Carried 7-0.
- (B) [7100](#) Block of SE 5<sup>th</sup> Street, 288 housing units. ([Council Communication No. 16-719](#)) Moved by Gatto to adopt. Motion Carried 7-0.

#### **BOARD/COMMISSION ACTION(S): NONE**

#### **ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

- Urban Design Review Board – financial review and preliminary and final design review.
- Plan and Zoning Commission – re-zoning and site plan review.

- City Council – consideration of final terms of Urban Renewal Development Agreement, conveyance of Market Street right-of-way, private construction contract for Elm Street right-of-way, and acceptance of dedication of Elm Street right-of-way.

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