

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: April 17, 2017
	Agenda Item No. 35B Roll Call No. [] Communication No. <u>17-381</u> Submitted by: Erin Olson-Douglas, Economic Development Director

AGENDA HEADING:

Resolution in support of an “Iowa State Historic Tax Credit Application” to be submitted to the State of Iowa by H. Glass Partners, LLC, for the rehabilitation and adaptive reuse of the vacant building at 212 E. 3rd Street.

SYNOPSIS:

The State of Iowa has required a resolution of support and proof of any financial commitment for developers submitting applications for the State Historic Tax Credits, per administrative changes that took effect in August 2016. In the competitive Historic Tax Credit registration process, projects with local government support and a local financial match will receive higher scoring. This resolution is for the historic rehabilitation and commercial reuse of the currently vacant building located at 212 E. 3rd Street, in a building determined to be eligible for the National Register of Historic Places in Downtown Des Moines’ East Village Neighborhood. The City’s match is proposed to be provided with project-generated Tax Increment Financing (TIF) revenues.

FISCAL IMPACT:

Amount: The proposed financial assistance package for this project will consist of a declining percentage of project-generated tax increment revenues based on the following: 90% in years one(1) – five (5), 85% in years six (6) – nine (9), 80% in years 10-12, and 75% in years 13-15, due in 15 annual payments. The estimated total assistance package will have a net present value (NPV) of \$419,000.

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

ADDITIONAL INFORMATION:

- H. Glass Partners, LLC, represented by Tim Rypma, Jeremy Cortright, and Paul Cownie, 108 3rd Street, Suite 219, Des Moines, IA 50309, has requested City support for its application to the Iowa Department of Cultural Affairs (IDCA) and Iowa Economic Development Authority (IEDA) for state and federal tax incentives under the Historic Tax Credit Program for the historic rehabilitation and commercial reuse of the currently vacant building at 212 E. 3rd Street.
- Substantial changes have been made to the State Historic Tax Credit application process, requiring a resolution of support and documentation of a City financial contribution to the project.

- H. Glass Partners, LLC expects the 2017 Historic Tax Credit application to open in the very near future and is securing documentation needed for this application.
- H. Glass Partners, LLC is requesting \$600,000 in State and Federal Historic Tax Credits, or 25% of the qualified rehabilitation costs.
- The building at 212 E. 3rd Street was constructed in 1906 as the home of the Pitt Carriage Company, and served as a carriage works until later converted to industrial warehouse uses. According to City records, the property has been vacant since at least 2003, and is currently assessed at only \$165,100. Upon project completion, the property is estimated to have an assessed valuation of at least \$1.2 million.
- The proposed \$2.9 million historic renovation project will rehabilitate the vacant 10,500-square-foot building located at 212 E. 3rd Street. Proposed uses for the project upon completion are commercial office space and first floor retail or restaurant space. Exterior improvements include reinstallation of window and door openings, brick cleaning and tuck-pointing, structural wall stabilization, E. 3rd Street façade renovation, a patio space on the north side of the building, and streetscape improvements in compliance with the City's landscaping standards and applicable design guidelines.
- The owner is intending to meet stringent State Historic Preservation Office historical rehabilitation standards for the project, and intends to place the building on the National Register of Historic Places.
- The building at 212 E. 3rd Street is located within the Metro Center TIF area, and is seeking project-generated, declining-scale TIF revenue for a period of 15 years, as negotiated in the Preliminary Terms of Financial Assistance approved by City Council on April 3, 2017. The final terms of financial assistance will appear before the City Council on May 8, 2017.
- State Historic Tax Credits are competitive because the State Legislature limits the total amount of tax credits awarded to \$20 million statewide, however the IDCA does not limit the amount of credits that may be awarded in any one (1) jurisdiction.

PREVIOUS COUNCIL ACTION(S):

Date: April 3, 2017

Roll Call Number: [17-0587](#)

Action: [Authorization](#) to negotiate an agreement based on preliminary terms with H. Glass Partners LLC, for commercial development at 212 E. 3rd Street. ([Council Communication No. 17-329](#)) Moved by Hensley to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Approval of final terms of economic development agreement and approval of conceptual plan.

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