

COUNCIL COMMUNICATION

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|  | Number: | 20-511 | Meeting: | November 23, 2020 |
| | Agenda Item: | 33 | Roll Call: | 20-1888 |
| | Submitted by: | Erin Olson-Douglas, Development Services Department Director | | |

AGENDA HEADING:

Request by Des Moines Griffin Building, LLC, for City support for its application to Polk County to retroactively apply its application for tax abatement for construction of the residential portion of the mixed-use project at 319 7th Street.

SYNOPSIS:

On September 10, 2018, City Council approved an Urban Renewal Development Agreement with Des Moines Griffin Building, LLC (Tim Rypma, Jeremy Cortright, and Paul Cownie, Development members; Ron Daniels, and Abe Wolf, Lead Investors, 102 Court Avenue, Suite 204, Des Moines, IA 50309), for the historic restoration of the existing 6-story, approximately 50,400-square-foot building at 319 7th Street.

The residential tax abatement application for 319 7th Street was not timely filed by the February 1, 2020 deadline, but was filed within the 2-year grace period in October 2020. The applicant's failure to timely file the application was not due in any part to action or inaction of the City. The property is eligible to receive the 10-year declining tax abatement schedule on the residential portion of the project. Since the application was filed after the deadline but within the 2-year grace period, the City Council shall approve such late filed applications by resolution, subject to review by the County Assessor, if it finds (a) the project is located in a designated urban revitalization area; (b) the improvements were made during the time the area was so designated; and (c) the project is in conformance with the urban revitalization plan for such area.

Since the project meets the criteria described above, City staff is recommending that City Council approve the retroactive tax abatement application for the building improvements existing on January 1, 2020.

FISCAL IMPACT:

Amount: Approximately \$209,000 in total property taxes abated in fiscal year (FY) 2021/2022.

Funding Source: N/A

ADDITIONAL INFORMATION:

- The project was under construction as of January 1, 2019 and received a partially completed assessment (referred to hereinafter as the “construction assessment”) of \$7,489,000 in residential value-added building improvements on January 1, 2020.
- Multiple parties are involved on the Development team, and they didn’t realize they had missed the submittal of the tax abatement application until October 2020.
- Denial of the request for retroactive application of the tax abatement would place an excessive financial burden on the project.
- The financing incentives recommended and approved as part of the Development Agreement on the project anticipated the project receiving the 10-year declining tax abatement on the residential portion of the project beginning with the first construction assessment.

PREVIOUS COUNCIL ACTION(S):

Date: January 27, 2020

Roll Call Number: [20-0146](#)

Action: [Amended](#) Conceptual Development Plan for commercial and residential development by Des Moines Griffin Building, LLC at 319 7th Street. ([Council Communication No. 20-042](#)) Moved by Gatto to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Urban Design Review Board

Date: January 21, 2020

Resolution Number: N/A

Action: Motion to not approve the revised design and deletion of the cornice from the conceptual development plan. Motion by Allen. Seconded by Wilke-Shapiro. Motion carried. Yes = 6, No = 0, Abstain = 0, Absent = 2.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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