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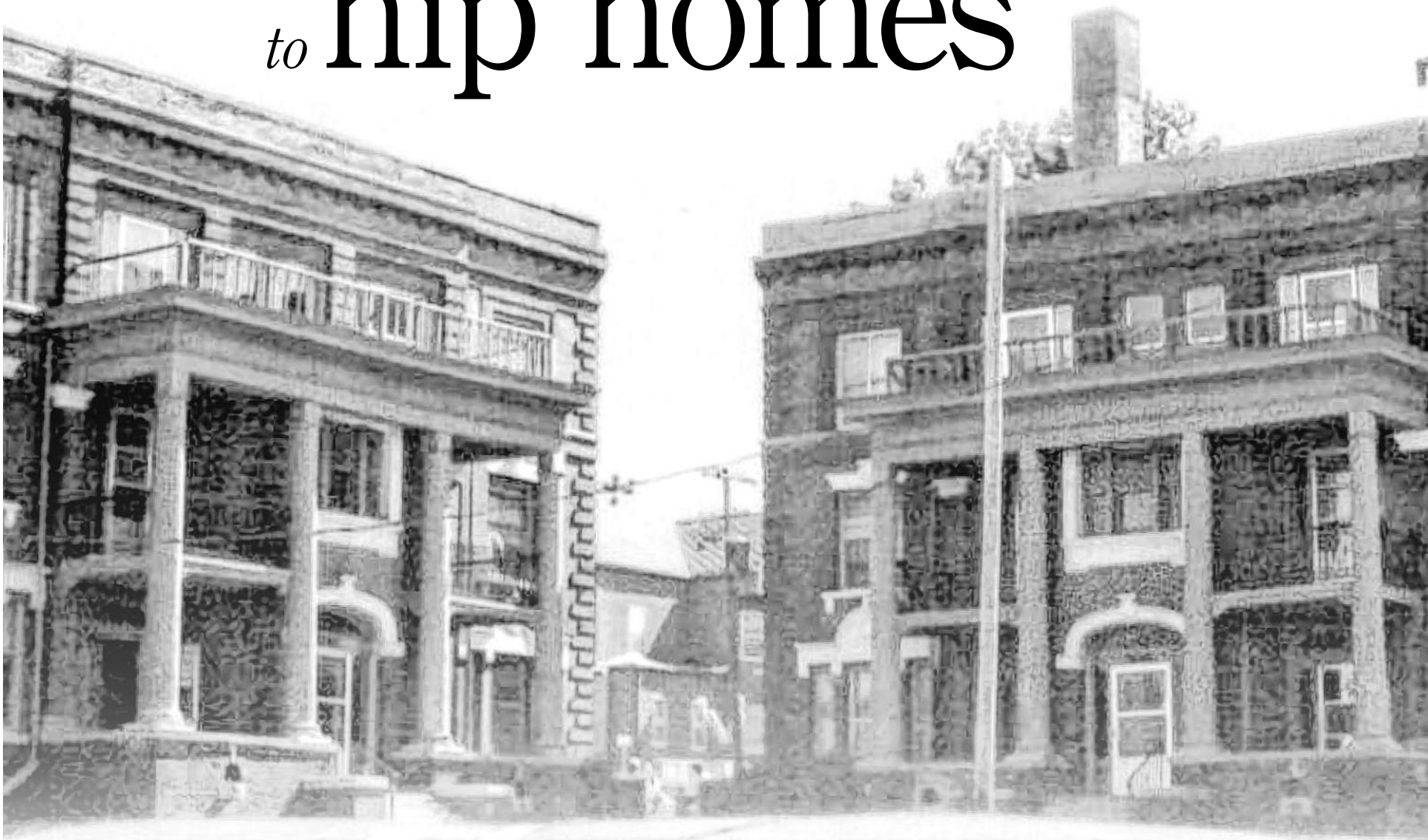


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D

from **Old classics** to **hip homes**



Developers transforming D.M. buildings



LYNN HICKS
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History is changing overnight, it seems, for many old downtown Des Moines buildings.

Developers are transforming decades-old warehouses, office buildings and other structures into nearly 500 apartment units, some of which will open this summer and fall.

The activity appears to be happening at once, but it has taken years for owners to undertake the expensive, exacting process of renovating the buildings while preserving historical accuracy.

Architect Kirk Blunck has owned the Crane plumbing building since 2000. Developer Jack Hatch bought Wellsport Portwell Flats 15 years ago. Hubbell Realty has owned the land under the Rocket Transfer warehouse since before it was built 112 years ago.

All three properties are being renovated, pushed by two forces:

See **HOMES**, Page 4D



MARY CHIND/REGISTER PHOTOS

2 PROJECTS DOWNTOWN

WELLSPORT PORTWELL FLATS

Developer Jack Hatch is renovating the Wellsport Portwell Flats, two 1902 buildings in Sherman Hill, shown above. Read about how he's giving new life to "the twin sisters."

Page 4D

CRANE ARTISTS LOFTS

Architect Kirk Blunck plans to complete redevelopment of the Crane building by November. Learn how he hopes to draw creative types to the 1916 building with affordable lofts, art studios and galleries.

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MORE ONLINE, INSIDE

» Search for other projects in Iowa that have been awarded state historic preservation tax credits since the program began in 2000 at **Des MoinesRegister.com/taxcredits**.

» See a gallery of 19 photos from the renovations of the Crane Artists Lofts and Wellsport Portwell Flats with this story at **DesMoinesRegister.com**.

» See a map and information on seven downtown projects. Page 4D

N.C. pork producer growing here

Iowa's corn and processing plants draw in business.

By **DAN PILLER**
dpiller@dmreg.com

Iowa has widened its lead as the top pork producer, with 11.1 million more hogs than No. 2 North Carolina.

"I'm the big reason," said Ron Prestage, whose

North Carolina-based company came to Iowa in 2004 and now feeds 1.5 million hogs annually in 360 confinements, mostly concentrated in a 100-mile radius of Webster City.

Prestage doesn't keep sows in Iowa. His pigs are born mostly in Mississippi, Oklahoma and his native North Carolina. But they are sent to Iowa for the state's prize product, its corn.

"Corn costs 90 cents per bushel more in North Carolina than it does in Iowa after you pay for the shipping," Prestage said.

Another attraction of Iowa: its network of pork processing plants around the state.

"That's the really great thing about Iowa, you have so many different choices of places to sell hogs," Prestage said.

This winter and spring,

Prestage and his staff have filed permits to build 40 confinements. Many are expansions of current units.

"Our average size is about 2,500 square feet, and we're trying to get it up to around 5,000 square feet," said Zach McCullum, a manager at Prestage's Iowa headquarters in Ames. The company em-

See **HOGS**, Page 2D

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‘Twin sisters’ returning to former glory

Apartment buildings should reopen by Sept. 15

The “twin sisters” had lived a hard 95 years when Jack Hatch and Sonja Roberts bought the Wellsport Portwell Flats in 1997.

The three-story renaissance classic buildings’ grand, 18-foot-high columns and porticos had fallen long before. The drafty apartments were plagued with sewer problems, roaches and drug-abusing tenants. Their past included a murder-suicide in 1993, among other crimes. Evictions and repairs went only so far.

“We improved it, but not enough to ask for more rent,” Hatch said.

The couple contemplated selling the buildings. But about four years ago they decided to seek historic tax credits to restore the



Charles Luna uses Bondo to restore window frames in the Wellsport Portwell Flats, two historic buildings in Des Moines’ Sherman Hill neighborhood. Most of the 120 windows in the buildings were rebuilt rather than replaced. Developer Jack Hatch is renovating the “twin sisters.” MARY CHIND/THE REGISTER

former beauties, nicknamed the “twin sisters” for their identical layouts.

“We knew we couldn’t do it without tax credits,” Hatch said.

Nearly 54 percent of the \$1.94 million construction cost has been financed

through state and federal historic tax credits, according to documents Hatch provided. But it’s hardly easy money.

To get the federal tax credits, developers must pass rigorous National Park Service guidelines. Hatch’s team worked for months to get approval for its plan to restore the buildings’ windows, all of which had ropes and weights. In the end, they rebuilt almost all of the original 120 windows; only about nine or 10 had to be replaced, Hatch said.

“Anything you do wrong can jeopardize the entire project,” he said.

Workers are restoring the quartersawn oak flooring and doors, milling framework to original specifications and returning the units to their original size. (Hatch has the original plans from legendary Proudfoot and Bird Architects.) Des Moines contractor Pacesetter is doing the work.

If all goes as planned,

the Wellsport (the building facing Woodland) will open Aug. 1, and the Portwell on Sept. 15.

Hatch plans to rent the 1,200-square-foot, two-bedroom units for \$1,400 to \$1,600 per month. Before renovation, rents were \$500 for a one bedroom and \$700 for a two bedroom.

Sherman Hill suffered after Interstate 235 displaced neighbors to the north in the late 1960s, and crime soared. Landlords cut up grand old buildings. Their once-spacious 13 apartments — with maid’s quarters — were divided into 20 cramped units.

Hatch moved into the neighborhood in 1980 and has played a role in its renaissance.

His company built the Woodland Avenue Brickstones in 2003, one of the first apartments built downtown in a decade.

“We don’t just do this to make money, we do this to make a contribution to the neighborhood,” he said.

— Lynn Hicks

Former factory becoming a haven for artists

Kirk Blunck looks out the window from a future apartment unit in Crane Artists Lofts at the one-story buildings below him.

“The amazing thing is, each of these little buildings is now for sale for more than what I paid for this building,” he said. He bought the six-story Crane for \$195,000 in 2000, when the 1916 plumbing factory was in a forgotten corner of downtown next to a homeless shelter.

Much has changed in 12 years for the area around the Crane. The long-discussed western gateway to downtown became a reality, with the Pappajohn Sculpture Park, other green space and new corporate headquarters moving in a few blocks away. The Martin Luther King Jr. extension and other street changes give easier access to the building. Central Iowa Shelter and Services is building a new shelter a block or so away, giving the Crane more breathing room.

The renovated Crane has the potential to further change the neighborhood.



The view of the Crane Co. building from the southwest. The building at 1440 Walnut St. in Des Moines is under renovation. RODNEY WHITE/THE DES MOINES REGISTER

Blunck hopes to attract creative people to the 58,000-square-foot building, which will feature painting, ceramics and dance studios; gallery space; a music room and an outdoor sculpture garden. All of that creativity will take place where Crane workers once made toilets and urinals.

Blunck’s experience renovating the 1912 Tea-

chout building in the East Village showed him that older buildings attract creative people. He wants the income-subsidized apartments to bring artists together and provide space where they can do work without renting a studio.

The concept was modeled in part after Artspace, an effort to provide affordable live/work space to artists in St. Paul, Minn. By

getting multiple disciplines in one space, you can make the community richer.

Blunck sees bistros, art galleries and other businesses moving into nearby buildings. The Exile Brewing Co. is renovating the old Fitch Co. Soap building across 15th Street from the Crane.

“I’m curious how quickly the other buildings will turn,” he said.

As it has taken years for the neighborhood to take shape, so did it take time for Blunck to restore the Crane.

He waited while plans were made to remake the western edge of downtown. He said he spent a couple years thinking he’d turn the Crane into high-end apartments, before he realized it would be better suited to a lower-income market. He received tax credits from the Iowa Finance Authority as well as state and federal historic tax credits.

The Crane must be finished in November, according to deadlines associated with his financing, and the

work is on schedule, Blunck said. Koester Construction is the contractor of the effort to restore the building.

The Crane was in remarkably good shape, he said, requiring little demolition. Crews had to remove six and half tons of pigeon droppings, however.

Weitz Co. of Des Moines built the Crane, one of the first buildings built that had cast-in-place concrete. It was a more economical way to build taller buildings, Blunck explained.

“It was cutting edge back then,” said Evan Shaw, project architect for the building.

The original tenant’s name — Crane Co. — is carved in limestone above the front entry as well as at the top of the building. The company made plumbing fixtures in the building and shipped them by the railroad tracks that once abutted the back of the building.

The building’s public restrooms featured marble floors that still are in place, but trespassers smashed the porcelain fixtures. Blunck plans to replace

them with Crane products.

Booms used to move toilets will remain in place — even in what will become apartment units. “Maybe an artist will decide to hang a piece of artwork” from it, Blunck mused.

“Someone might think it strange,” he said. But that’s the sort of character that residents will appreciate.

Other architectural elements that will be saved include cast-concrete mushroom-shaped columns and ceramic tile floors. The builders are creating wide hallways between apartments to create a corridor of art.

But the biggest draw, Blunck expects, will be the tall windows, which are on all four sides of the Crane.

The building sits far enough away from the downtown core to afford “spectacular views,” he said.

Blunck’s crews — under the watch of the National Park Service — took great pains to ensure the historical accuracy of the windows. “They look precisely as they did before,” he said.

— Lynn Hicks

HOMES

Continued from Page 1D

» Historic tax credits. The state has increased the amount of historic tax credits over the past seven years from \$2.4 million to \$50 million last year. Developers have become more sophisticated in using that program, often pairing it with other credits to finance the projects.

» Strong demand for apartments. Apartment vacancies for the downtown area plummeted to 2.1 percent this year, compared with 5.9 percent in 2011, according to a survey by CBRE/Hubbell Commercial released in February. Rent climbed as a result — 9.1 percent for two-bedroom apartments and 21 percent for efficiencies.

Many of the planned apartments in downtown will be market rate, not subsidized for lower-income tenants.

The CBRE survey indicated that about 1,000 new apartments are expected to be added to the market this year across the Des Moines metro area, both with new construction and conversion of existing space. Last year, developers finished nearly 500 apartments.

The trend of converting old buildings into apartments is happening across the state, thanks to the historic tax credits. Developers sell the tax credits to investors, who help finance the projects.

“It’s the best economic development program in the state,” said Hatch, a state senator from Des Moines. “It treats urban and rural Iowa equally.”



Shawn Wolfe cuts trim inside one of the units at Wellsport Portwell Flats, two historic buildings in Sherman Hill. Developer Jack Hatch is in the middle of renovating the buildings. MARY CHIND/THE REGISTER

RESTORING HISTORICAL HOMES

Demand for historic tax credits typically exceeds availability for bigger projects such as apartments, but not for projects that cost \$500,000 or less to renovate.

“The department would actually like to see greater demand in the small projects category,” said Jeff Morgan, spokesman for the Department of Cultural Affairs, which oversees the historic tax credit program.

The category could include private homes. There is money available from fiscal years 2011-13, and an additional \$4.5 million will be available for 2014.

The project must meet the Secretary of the Interior’s standards for rehabilitating historic buildings. To learn more, go to www.iowahistory.org/historic-preservation.

Developers in Dubuque, Sioux City, Clinton, Marshalltown, Burlington and other cities have used the tax credits to restore pride as well as historic architecture.

Community Housing Initiatives, Iowa’s largest nonprofit housing and development group, has converted closed schools and stores into apartments in Oskaloosa, Spencer and other towns with the help of historic and low-income tax credits.

Sam Erickson, a vice president with CHI, said the group sees lower turnover and less damage in

historic buildings.

“Just because buildings are beautiful, people take pride, and they love living there,” she said.

Lawmakers have gone from addicted to tax credits, in some critics’ view, to allergic after the film office scandal and other questions. The amount available for historic tax credits had jumped dramatically until this last year.

Originally, the historic preservation tax credit total was \$2.4 million for fiscal year 2000 through 2005. It then began a series of increases, culminating in a

rise to \$50 million for 2012. Next fiscal year, the amount falls to \$45 million because of legislative budget cuts.

Still, developers are applying for more credits than what’s available. In 2011, demand for credits exceeded availability by almost \$11 million; in fiscal 2012, by \$15 million.

Some have had to reapply. Blunck applied twice before winning credits for the Crane building. Hubbell plans to reapply this year to get tax credits to renovate the Mitchell Transmission building into apartments.

Hubbell also plans to start work on the Rocket Transfer building this month, which sits next to another old warehouse it turned into apartments, called Riverpoint Lofts. Although those lofts were for lower-income tenants, Rocket Transfer will be its first fully market-rate project downtown.

Rick Tollakson, Hubbell’s president and CEO, sees fairly strong demand for apartments for at least the next five to 10 years. That would change if lending requirements loosen. When banks eliminated loans without down payments and increased credit requirements, demand for rentals boomed.

Lifestyle changes also have played a role: Empty nesters and young professionals want to live downtown and avoid the shackles of home ownership.

Few worry about building too many apartments downtown.

“We could put hundreds more apartments down here,” Hatch said.



Developers are turning several historic buildings — including warehouses and office buildings — into apartments in downtown Des Moines.

- | | |
|---|---|
| 1 Wellsport Portwell Flats
1821 Woodland Ave./
641 19th St.
Built: 1902
Units: 13
Cost: \$2.75 million
Completion: August-September
Developer: Perennial Properties | 4 Equitable Building
604 Locust St.
Built: 1924
Units: 100-120
Cost: \$18 million
Completion: Undetermined
Developer: Fouch Brothers |
| 2 14Forty (former Mitchell Transmission)
1440 Locust St.
Built: 1917-18
Units: 37
Cost: \$7.1 million
Completion: Undetermined. Could start in late 2012, if tax credits awarded.
Developer: Hubbell Realty | 5 Des Moines Building
405 Sixth Ave.
Built: 1931
Units: 136
Cost: About \$20 million
Completion: Undetermined, some work could begin this summer
Developer: Nelson Development/Fouch Brothers |
| 3 Crane Artists Lofts
1440 Walnut St.
Built: 1916
Units: 36
Cost: \$6 million
Completion: November
Developer: LWO Properties, Minneapolis | 6 Fleming Building
604 Walnut St.
Built: 1907
Units: 96
Cost: \$11 million
Completion: Spring 2013
Developer: Nelson Development |
| | 7 Rocket Transfer
320 S.W. Seventh St.
Built: 1900
Units: 58
Cost: \$8.6 million
Completion: Summer 2013
Developer: Hubbell Realty |

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