

Cedar Rapids, state assessing ramifications of possible child labor reported at Banjo Block construction site

Pending OSHA investigation, state entities 'may review any additional potential consequences' to state, federal tax credits the project received



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Construction continues on the \$49 million mixed-use, multifamily Annex on the Square development on the so-called Banjo Block, at 515 Fourth Ave. SE, in southeast Cedar Rapids in December 2022. The four-story, approximately 200,000 square-foot project will bring a mix of commercial space and over 200 residential units serving a variety of income levels. (Jim Slosiarek/The Gazette)

CEDAR RAPIDS — After a group of state lawmakers and public officials reported possible underage labor and safety hazards last week at the construction site of Cedar Rapids' \$49 million Banjo Block development, state officials are assessing whether the findings jeopardize millions in tax incentives awarded to the project.

Debi Durham, director of Iowa Finance Authority and Iowa Economic Development Authority, wrote Tuesday to Iowa Division of Labor Commissioner Rod Roberts that the state entities had been made aware of safety, fire and child labor concerns that [state lawmakers witnessed April 14](#) at the project construction site on the 500 block of Fourth Ave. SE in Cedar Rapids.

Related article: [Lawmaker says he saw potentially-underage worker at Banjo Block development](#)

Durham wrote that IFA and IEDA have allocated TWG Development about \$17 million in federal housing tax credits and \$900,000 in state redevelopment tax credits for the construction of 224 new rental units. To be awarded tax credits, Durham wrote that both programs require the project to be completed in compliance with all applicable local, state and federal laws.

“Our office supports an Iowa Division of Labor and Iowa OSHA investigation into the reported safety and child labor allegations and associated penalties issued by your department to the developer for any confirmed findings,” Durham wrote. “Please keep IFA and IEDA informed of the process and results of any investigation so that we may review any additional potential consequences in relation to the state and federal tax credits allocated to the project.”

Cedar Rapids City Manager Jeff Pomeranz said in a statement that the city has referred this case to the Iowa Division of Labor for investigation. Cedar Rapids police also filed a report on the matter.

The project was [awarded \\$6.5 million in tax incentives from the city of Cedar Rapids](#).



A rendering depicts a proposed mixed-use development for a downtown Cedar Rapids block featuring the Banjo Refrigeration building. (Courtesy of city of Cedar Rapids)

“The City is strongly committed to worker protection and upholding labor laws,” Pomeranz said. “... The City Attorney is reviewing the Development Agreement associated with the project to determine what other next steps the City can take regarding this matter. Additionally, we are looking at what language and safety mechanisms can be included in future development agreements to address similar challenges.”

City staff did not confirm whether the review of the development agreement means staff are assessing consequences to city tax incentives.

Though city and state officials have filed OSHA complaints, and Durham’s letter acknowledged an OSHA investigation, OSHA has not confirmed the status of any potential investigation to The Gazette.

City staff have inspected Banjo Block construction site

According to the city Building Services Department, city staff regularly perform on-site inspections during construction, when requested, to check for Building Code compliance. Chapter 33 of city Building Code, Safeguards During Construction, limits the city’s inspection role to building components — items such as fire extinguisher locations and proper egress during construction.

The general contractor — in this case, TWG Construction — is responsible for worker and site safety. Iowa OSHA enforces that responsibility.

The Building Services Department has inspected the site for Building Code compliance three times since April 14 — twice Monday and once Tuesday, records show.

In one inspection Monday, the contractor requested review of the above-ceiling area. Upon inspection, according to the Building Services Department, only a portion of the area passed inspection and the contractor needs to make adjustments before the full inspection would pass. The inspection noted a set of stairs and stairwell needed adjustments. The other Monday inspection passed.



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On Tuesday, the inspector noted firestopping was needed in a number of spaces on the third floor, as well as for the plumbing water lines penetrations.

The four-story, approximately 200,000-square-foot project, by TWG Development of Indianapolis, will have primarily one- and two-bedroom rental units, 1,176 square feet of ground-level commercial space; 147 parking stalls and amenities, including a rooftop patio.

TWG Development said in a statement, "TWG does not condone such hiring practices through its subcontractors. We are aware of the allegations and are actively assessing and investigating this issue."

Cedar Rapids officials have long looked to redevelop the block at Fourth Avenue and Fifth Street SE — named the Banjo Block after the Banjo Refrigeration business that operated there. They've touted this project as a "game-changer" for the area near the downtown Cedar Rapids Public Library and Greene Square.

Why public officials visited this site

Felicia Hilton, political director with North Central States Regional Council of Carpenters, said as part of the organization's Tax Fraud Days of Action national campaign, elected officials and law enforcement are taken to job sites so they can see what a commercial construction job site looks like.

Hilton said those visits are not announced so it can be authentic. Public officials can then see evidence of tax fraud, people being paid off the books and labor trafficking, she said.

Hilton said she organized the political side of it, inviting Linn County Attorney Nick Maybanks; Rep. Sami Scheetz, D-Cedar Rapids; Rep. Adam Zabner, D-Iowa City; Charlie McClintock, the Republican vice chair of the Senate labor committee; and a number of business agents.

The first site the group visited in Cedar Rapids belonged to Cedar Rapids-based construction equipment supplier Altorfer Inc., which is building a \$40 million, 150,000 square-foot [corporate headquarters facility](#) at 8400 Sixth St. SW. The second was the Banjo Block site.

"The idea was that they would show me and the other public officials a site where there are safety precautions put in place and where the site is clean and organized, and then would contrast that with Banjo Block," Maybanks said.

No trespassing signs are posted on the Banjo Block site, but Maybanks said there were no issues with access. Maybanks said carpenters local representatives went in front of the public officials to touch base with the office on-site, then "it was conveyed to all of us that we could enter."

He said there was no indication to any of the officials before that visit that they would encounter possible child labor. Based on what the officials saw April 14, Scheetz reported seeing a worker who appeared under age 18 — first to city officials, then later in a complaint to OSHA.

In Iowa, children between the ages of 16 and 18 can work construction, [with some restrictions](#). Children age 15 and younger are not allowed to work in construction, unless it's office or sales work. Iowa Code limits the hours teenagers can work.

An email shows Maybanks reached out to coordinate efforts with city of Cedar Rapids officials to make sure the proper investigators were notified. Maybanks said he is exploring whether there is any potential Linn County oversight and will make decisions accordingly.

Getting officials to see this for themselves — the possible signs of trafficking, wage theft, working without compensation and safety issues — will hopefully spur a reaction from law enforcement, Hilton said.

“Our real point is that when we see job sites like that, for us they’re construction crime scenes,” Hilton said. “ ... We’re thinking there could be more than meets the eye on this job site.”

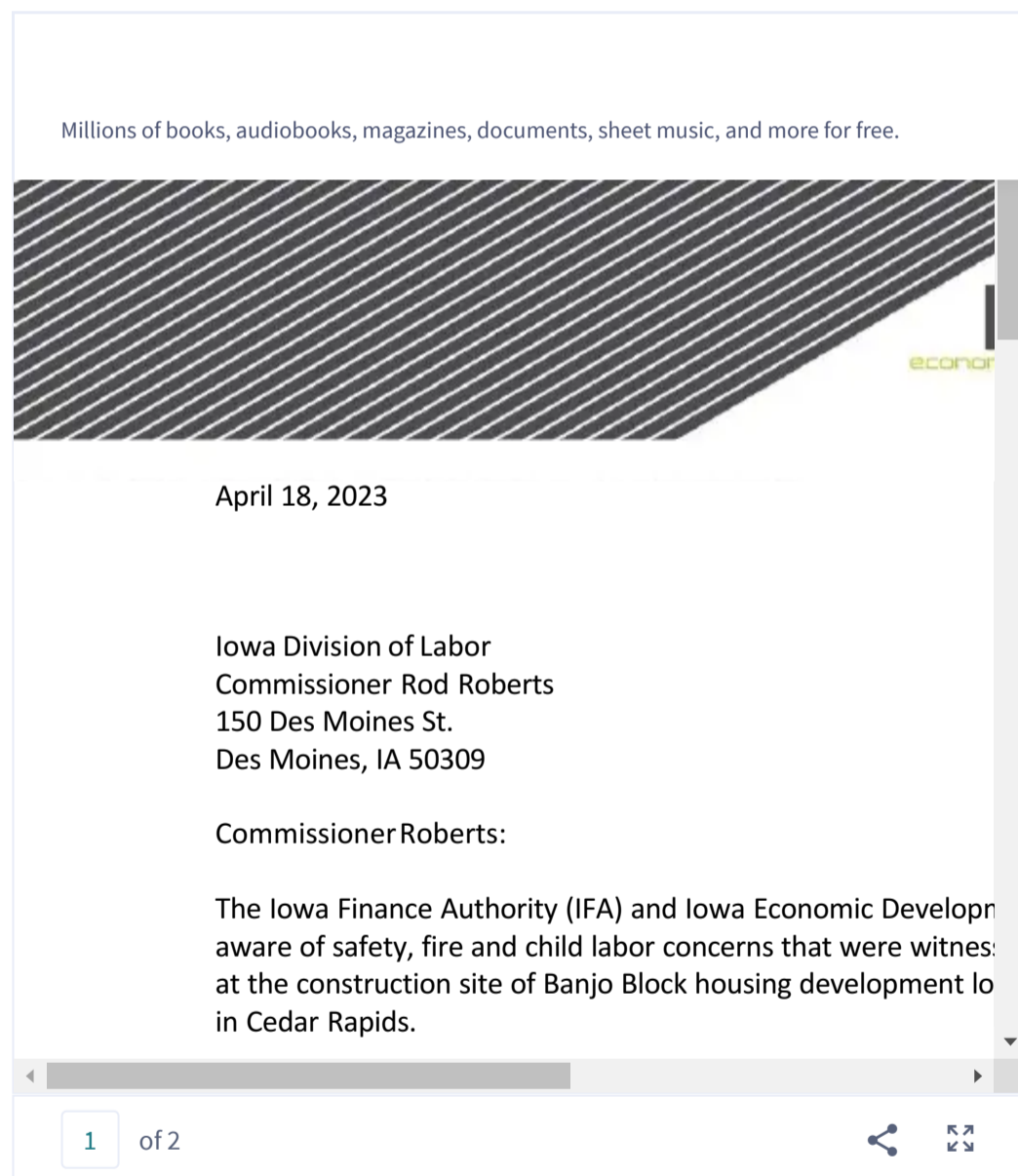
If a developer receives tax incentives for projects, Hilton said the labor organization believes there needs to be more scrutiny and higher labor standards for those projects.

“We just feel like these are the projects that fall through the cracks and there’s a lot of victims on these projects and they’re not seen as victims,” Hilton said.

Erin Murphy of The Gazette contributed to this article

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[Division of Labor Letter, April 18](#) by [Gazetteonline](#) on Scribd



[OSHA Complaint Filed](#) by [Gazetteonline](#) on Scribd